VOL 9 No 8 AUGUST 1979

SURVEY of Current Affairs

Government and Administration

Recent Legislation 215

External Affairs and Defence

Commonwealth Heads of Government Meeting 216
Cyprus: British Policy 223
Indo-Chinese Refugees 224

Economic and Scientific Affairs

Oil and Gas 229
Aerospace 233
Civil Aviation 234
Shipbuilding 235
Guidelines for Multinational Enterprises 237
Council for the Securities Industry: Codes of Conduct 239
Whale Conservation 240
Shorter Notes 241
Relaxation of Exchange Controls; Sterling Deposit Market; Reports of the Standing Commission on Pay Comparability; National Enterprise Board; Regional Economic Planning Councils; Energy Commission; Energy Policy for Northern Ireland; Planned Improvements in Petrol Consumption of New Cars; Code of Practice on Vehicle Safety Defects; Radioactive Waste Disposal; Post Office; Agricultural and Horticultural Marketing; Animal Welfare

Social and Cultural Affairs

The National Health Service: Royal Commission's Report 248
Shorter Notes 251
Criminal Injuries Compensation Scheme; Capital Punishment

Documentation

252

Published for British Information Services by
Her Majesty's Stationery Office, London

Annual subscription including postage and index £11.54

The *Survey of Current Affairs* is produced for British Information Services overseas, but in response to requests has also been made available in Britain. Subscription and distribution inquiries should be addressed to Her Majesty's Stationery Office, P.O. Box 569, London SE1 9NH, and editorial inquiries to Reference Division, Central Office of Information, Hercules Road, Westminster Bridge Road, London SE1 7DU. Although the material is Crown Copyright, it may be reproduced without special permission.
Other documents produced by Reference Division if not on sale through Her Majesty's Stationery Office, may be obtained direct from Reference Division on payment of a small charge.

Recent Legislation

The public Acts passed between the opening of Parliament on 15 May and 27 July when the summer adjournment started are listed below.

Appropriation (No 2) Act 1979. Prescribes how expenditure is to be appropriated in order to finance specified public services. Royal Assent: 27.7.79. Ch 51, ISBN 0 10 545179 7, HMSO, £1·50.

Education Act 1979. Repeals that part of the Education Act 1976 relating to comprehensive education and thus removes the compulsion on local education authorities in England and Wales to submit plans to reorganise secondary schools on comprehensive lines (see p 165). Royal Assent: 18.7.79. Ch 49, ISBN 0 10 544979 2, HMSO, 40p.

European Assembly (Pay and Pensions) Act 1979. Provides for the payment of salaries and pensions to United Kingdom representatives to the European Assembly (see p 143), for the payment of severance grants to those who lose their seats at future European Assembly elections, and makes arrangements for the authorisation of allowances and facilities to assist representatives to carry out their duties in the United Kingdom. Representatives will receive the same annual salary as Members of Parliament (see p 175); those who are also Members of Parliament will receive a second salary equivalent to one-third the House of Commons salary. Royal Assent: 26.7.79. Ch 50, ISBN 0 10 545079 0, HMSO, 40p.

Finance (No 2) Act 1979, Gives effect to the Budget proposals (see pp 191-7). Royal Assent: 26.7.79. Ch 47, ISBN 0 10 544779 X, HMSO, 90p.

Kiribati Act 1979. Provides for the independence of the Gilbert Islands under the name of Kiribati (see p 189). Royal Assent: 19.6.79. Ch 27, ISBN 0 10 542779 9, HMSO, 25p.

Pensioners' Payments and Social Security Act 1979. Provides for the payment of a £10 Christmas bonus to pensioners this year and for the payment of bonuses in subsequent years; freezes for the time being the amount of earnings the dependent wife of a pensioner can receive before her husband's allowance for her is reduced. Royal Assent: 26.7.79. Ch 48, ISBN 0 10 544879 6, HMSO, 50p.

EXTERNAL AFFAIRS AND DEFENCE

Commonwealth Heads of Government Meeting

The 1979 Meeting of Commonwealth Heads of Government was held in Lusaka, Zambia, from 1 to 7 August. All 39 full members of the Commonwealth[1] sent delegations. Britain was represented by the Prime Minister, Mrs Margaret Thatcher, and the Foreign and Commonwealth Secretary, Lord Carrington.

Topics discussed at the Meeting included world and Commonwealth trends, South-east Asia, Southern Africa, Cyprus, Belize, the Middle East, the Mediterranean, and the world economy. Heads of Government agreed on a policy with regard to Rhodesia. They also approved unanimously and proclaimed the Lusaka Declaration of the Commonwealth on Racism and Racial Prejudice.

This article summarises the Meeting's final communiqué, the Declaration on racism, and speeches made by the British Prime Minister in which she set out Britain's views on Rhodesia and on other matters of interest to the Commonwealth.

The Queen, who is acknowledged as Head of the Commonwealth by member countries, visited Lusaka before the Meeting, in the course of her 17-day tour of four African countries (Botswana, Malawi, Tanzania and Zambia) which began on 20 July. During her visit to Lusaka, the Queen met Commonwealth heads of Government individually.

FINAL COMMUNIQUÉ

In the communiqué issued after the Meeting, Heads of Government, 'recognising the growing contribution which the Commonwealth is capable of making to the solution of world problems, reaffirmed the importance which they attach to meeting together and the opportunity this gives for consultations aimed at forging a consensus on some of the major issues facing the world'.

World and Commonwealth Trends

Heads of Government 'noted that the intractability of international economic problems was increasingly a cause of political instability in many parts of the world and frequently made it difficult for Governments to take positive steps within their own societies necessary to promote social and economic justice consistent with respect for basic human rights. In Southern Africa the stubborn persistence of apartheid and racist policies was seen as a matter of grave concern to the Commonwealth, and Heads of Government acknowledged that further delay in the satisfactory resolution of that issue could lead to divisions within the Commonwealth itself and jeopardise further the peace and security of the entire region.'

They 'recognised that no single power or group of powers could any longer impose solutions' on these and other international problems; 'lasting solutions required collective action by the international community as a whole. Heads of Government looked to the Commonwealth to play a significant part in upholding shared principles, reconciling differences of approach, harmonising divergent interests and building a more secure basis for world peace and prosperity.'

South-east Asia

Heads of Government 'expressed concern at the continuing conflicts and tensions' in South-east Asia, resulting from the armed conflicts in Indo-China, and at the fact that 'these were being exacerbated by outside powers. They warned that there was a real danger of the conflicts escalating over a wider area.' They 'condemned all acts of armed intervention in the region which violated the ... principles of respect for a country's sovereignty, territorial integrity and independence. Affirming the right of the peoples of the region to determine their own future free from outside interference, subversion or coercion, they called for the speedy withdrawal of all foreign forces from the areas of conflict.' They 'noted with approval the efforts being made for the early establishment of a zone of peace, freedom and neutrality in the region and called upon all States to lend their fullest support to these efforts'.

Refugees

Heads of Government 'recalled the longstanding concern of the Commonwealth at the enforced movements of refugees as a result of harassment by the authorities in Namibia, Zimbabwe [Rhodesia] and South Africa. They ... expressed grave concern at the enormity of the problem of

[1]Four countries have joined the Commonwealth on attaining independence since the 1977 Heads of Government Meeting (see pp 258–65, 1977): Dominica and Solomon Islands in 1978, followed by Saint Lucia and Kiribati in 1979 (see pp 258 and 393, 1978, and pp 3 and 23–4, 1979). The next Heads of Government Meeting is to be held in Australia in 1981.

refugees leaving the countries of Indo-China, in particular Vietnam . . . [see pp 224-8]. They noted that this problem, if unchecked, will have a destabilising effect on the region. They expressed their appreciation for the contribution being made in the South-east Asian region by Malaysia and Hong Kong in particular, and the large-scale programmes for resettlement including those being undertaken by Australia, Britain, Canada and New Zealand. They appealed to all members of the international community to increase their contributions to and actively co-operate with the work of the United Nations High Commissioner for Refugees. . . .'

They noted with approval the statement of the United Nations Secretary-General, Dr Kurt Waldheim, that 'the countries of origin must respect the right of emigration and family reunification, while avoiding any action leading to their people departing the country under conditions which would put their lives in jeopardy. This obligation stems from the basic right of individuals to stay in their country or to leave as a matter of free will.' Noting that at the recent United Nations Geneva meeting on Indo-China refugees (see p 224), Vietnam had undertaken to co-operate in regulating the orderly departure of refugees, they 'expressed the hope that Vietnam will continue to show a positive attitude and assist in finding an effective and permanent solution to this refugee problem'.

Southern Africa

On Southern Africa, 'while recognising that certain developments since their Meeting in London have added new dimensions', Heads of Government 'remained concerned by the potential dangers inherent in the existing situation. They therefore stressed the urgent need for finding satisfactory solutions to the remaining problems of this region.

'In relation to the situation in Rhodesia, Heads of Government therefore:

a. confirmed that they were wholly committed to genuine black majority rule for the people of Zimbabwe;

b. recognised, in this context, that the internal settlement constitution [see p 122] is defective in certain important respects;

c. fully accepted that it is the constitutional responsibility of the British Government to grant legal independence to Zimbabwe on the basis of majority rule;

d. recognised that the search for a lasting settlement must involve all parties to the conflict;

e. were deeply conscious of the urgent need to achieve such a settlement and bring peace to the people of Zimbabwe and their neighbours;

f. accepted that independence on the basis of majority rule requires the adoption of a democratic constitution including appropriate safeguards for minorities;

g. acknowledged that the government formed under such an independence constitution must be chosen through free and fair elections properly supervised under British Government authority, and with Commonwealth observers;

h. welcomed the British Government's indication that an appropriate procedure for advancing towards these objectives would be for [it] to call a constitutional conference to which all the parties would be invited[1]; and

i. consequently, accepted that it must be a major objective to bring about a cessation of hostilities and an end to sanctions as part of the process of implementation of a lasting settlement.'

Heads of Government stressed that 'the grave problems afflicting the Southern Africa region stemmed from the racist policies of the South African regime embodied in the system of apartheid'. The communiqué explains that the Declaration on Racism and Racial Prejudice (see p 221) was agreed 'in order formally to express . . . abhorrence of all forms of racist policy, wherever and however they might be manifested . . .'. The Declaration 'reaffirms the Commonwealth rejection of all policies designed to perpetuate apartheid, racial segregation or other policies based on theories that racial groups are or may be inherently superior or inferior'.

On Namibia (see pp 152-4), Heads of Government 'condemned the steps taken by South Africa to establish an illegal National Assembly . . . following the holding of the so-called elections . . . and called upon South Africa to comply with the decisions of the international community'.

Noting that effects of the Rhodesian conflict had 'increasingly spilled over' into the neighbouring Commonwealth countries, Botswana and Zambia, as well as into Mozambique, Heads of Government 'called on the international community to increase its assistance to the Front-Line States in order to alleviate the damage to their development caused by the persistent problems of Southern Africa'. They agreed that the Commonwealth Fund for Mozambique should continue to remain available to member Governments as a channel for technical assistance for that country. 'While significant bilateral and multilateral assistance is already being provided to the Front-Line States and Southern Africa to which individual Commonwealth countries make an important contribution, the needs of the region justify further international assistance on a substantial scale . . . and the [Commonwealth] Secretary-General was asked to supplement the activities of other international agencies by assisting in contingency planning including regional studies in anticipation of the emergence of independent and internationally accepted governments in Zimbabwe and Namibia.'

[1]On 14 August the British Government announced that a constitutional conference would be convened in London on 10 September to discuss and reach agreement on the terms of an independence constitution. Representatives of both the Salisbury administration and the Patriotic Front have been invited. At the same time the Government published an outline of its proposals for a constitution.

Cyprus

Heads of Government expressed the hope that inter-communal talks in Cyprus 'could be resumed at the earliest possible date with a view to reaching a just and lasting solution on the basis of the United Nations resolutions relevant to the question of Cyprus and in accordance with the Kyprianou-Denktash agreement of 19 May 1979.[1] They expressed concern at the fact that foreign troops still occupied part of [Cyprus territory] and stressed the urgent need for the voluntary return of displaced persons to their homes . . . respect for the human rights of all Cypriots, . . . and non-interference in the demographic structure of . . . Cyprus.

'They noted the proposal of the President of Cyprus . . . for the total demilitarisation and disarmament of . . . Cyprus, which was put forward as a significant contribution to the search for a solution of the Cyprus problem. They reaffirmed their solidarity with the Government and people of Cyprus and in this respect reiterated their determination to help in the achievement of a political settlement based on the independence, sovereignty, territorial integrity and non-alignment of the Republic of Cyprus.' Believing that the Commonwealth Committee on Cyprus (see p 185, 1975) could play a more constructive role in the search for a solution of the Cyprus question, Heads of Government 'decided to ask the Commonwealth Secretary-General to convene the Committee at ministerial level whenever appropriate . . .'.

Belize

Heads of Government 'reaffirmed their full support for the legitimate aspirations of the people of Belize for early and secure independence on the basis of territorial integrity, and again acknowledged that any settlement of the question must command the full consent of the Government and people of Belize' (see pp 431-3, 1978). They requested the Commonwealth Ministerial Committee on Belize 'to intensify its efforts to mobilise even further international support for Belize. . . . [They] welcomed the British Government's readiness to resume negotiations with Guatemala with a view to producing an internationally acceptable settlement in accordance with the Charter and relevant resolutions of the United Nations.'

Middle East

In reviewing the situation in the Middle East, Heads of Government were particularly concerned with 'the central question of Palestine' (see p 147). They emphasised that 'a just and permanent peace can only be achieved on the basis of a fully comprehensive solution which upholds the legitimate rights of the Palestinian people including their right to a homeland. . . . [They] expressed their grave concern that the Palestinian problem is still unresolved and that it continues to pose a serious threat to peace and security in the Middle East, the Mediterranean and throughout the world. Most Heads of Government recognised that the Palestine Liberation Organisation is the only legitimate representative of the Palestinian people struggling justifiably for an independent Palestinian State.[1]'

Mediterranean

Pointing out that the security of Europe, the Mediterranean and the Middle East are interrelated, and that 'Europe has a contribution to make to the search for just and durable solutions to conflicts in the region', the communiqué states that the further implementation of the Mediterranean declaration agreed upon and incorporated in the Helsinki Final Act (see p 310, 1975) 'would enhance both European and Mediterranean security as well as Middle East peace, thus contributing to the development of security and co-operation throughout the area. Heads of Government agreed that greater stability in the Mediterranean would enable the countries of the region and Europe to pursue freer and closer co-operation amongst themselves and also with Commonwealth members.'

Indian Ocean

Heads of Government 'noted, with regret, that not much progress had been made in implementing the United Nations Declaration of 1971 on the Indian Ocean as a Zone of Peace. They also noted that Great Power military presence in the Indian Ocean, instead of decreasing, had actually increased. They urged the Great Powers and the major maritime users of the Indian Ocean to co-operate more actively with the littoral and hinterland States and with the Ad Hoc Committee of the United Nations for the implementing of this Declaration.' They hoped that talks on this subject would be resumed in the near future, following a recent agreement between the United States and the Soviet Union to discuss the resumption.

South Asia

'Heads of Government noted with satisfaction that the countries of the South Asian subcontinent were making earnest efforts to increase co-operation among themselves, thus contributing positively to stability and peace in the area.'

Economic Matters

'Heads of Government noted with deep concern the deterioration in the world economic situation' since their Meeting in 1977. While a continuation of this trend 'would pose grave problems for all countries', the developing countries 'were facing particularly grim prospects and there was a real danger that, unless remedial measures were taken urgently, existing disparities in income and wealth between the rich and poor countries would widen further. [Heads of Government] noted that a large part of the world's population continued to live in intolerable poverty with little hope for a better future. They recognised that this persistence of mass poverty further highlighted the urgent need for a more rational and equitable economic order. They reaffirmed their commitment to structural

[1]For the background of the Cyprus question and the British Government's attitude, see pp 223-4.

[1]The British Government does not so recognise the Palestinian Liberation Organisation.

change and policies to improve growth in order to reduce poverty and increase living standards.'

The 'increasingly interdependent world economic system depended for its healthy functioning on the efficient deployment of global resources and affording all countries an equitable opportunity to participate in it. This would require acceptance by all of structural change and the adoption of policies to effect such change and to improve prospects for global economic growth, the restraint of inflation and the fuller employment of human and material resources. Higher rates of growth were particularly urgent for the developing countries. . . .

'Heads of Government considered that a continuation of slow growth in the global economy [recently forecast by international organisations] would . . . damage the prospects for reducing poverty and raising living standards in developing countries. Such a continuation would also be contrary to the economic interests of developed countries and could have adverse effects on the economic, social and political structures of all countries. These circumstances called for bolder endeavours and a new approach to the formulation of policies and to improving the public understanding of the need for change in the countries participating in the interdependent international system. For the decision-making process to be sufficiently responsive, it would require better information and involvement at the highest political level.'

Against this background, Heads of Government requested the Secretary-General to commission a report by a group of independent experts from Commonwealth countries. 'Their task would be to investigate and report on the factors inhibiting structural change and a sustained improvement in economic growth in both developed and developing countries, in particular the acceleration of growth in developing countries.' The report should 'assess the importance of and the relationship between possible constraints, such as protection and adjustment policies, inflation, subsidies both on production and exports, fluctuations in commodity prices, availability and cost of energy resources, including oil, and factors inhibiting investment, transfer of technology and international flows of official and private resources'. It should identify specific measures by which such constraints might be reduced or eliminated. The group should report in time to assist Commonwealth Governments in their preparation for the Special Session of the United Nations General Assembly (on economic development) in 1980. The communiqué refers to the 'serious balance of payments problems faced by many developing countries and some developed countries also', aggravated by recent developments in the oil market. Heads of Government 'stressed the need to keep under close review the resources available from international institutions' for the financing of deficits. With regard to the new guidelines on conditions attached to loans, adopted by the International Monetary Fund, 'while all countries accepted the need for reasonable conditions, and the need to adopt appropriate adjustment policies, it was important to have regard to individual domestic, social and political circumstances. These considerations are of especial importance to small island developing and other specially disadvantaged States. [Heads of Government] accordingly recognised the need for the international financial institutions to keep their operational policies under review.'

During their discussion of the effects of recent developments in the field of energy on the growth prospects of developed and developing countries, Heads of Government 'noted that many countries had embarked upon major programmes to conserve energy and reduce their dependence on imported oil. They called upon the international community to develop the necessary institutional mechanisms to deal with this most important subject and to ensure that the necessary financial and technological resources were mobilised to ensure rapid development of both renewable and non-renewable sources of energy. [They] noted that special measures would need to be taken to assist the energy-deficient developing countries to reduce this deficiency and the effect it is having upon their economic development.'

Commenting on the recently-concluded Multilateral Trade Negotiations (see pp 156-9), Heads of Government 'recognised that the results fell far short of the aspirations of the developing countries. They noted that there had been little or no progress on liberalisation of world agricultural trade and trade in tropical products. On the other hand, they noted that progress had been made in the liberalisation of trade in industrial products. While noting failure so far to reach agreement on a safeguard code, they expressed the hope that the negotiation of such a code, satisfactory to all concerned, would be completed without delay. They agreed that countries should not take unilateral action against imports in a manner inconsistent with established international trade rules. They noted that the danger of protectionism was ever present and urged countries to resist protectionist pressures wherever they arise. They believed this would assist the efforts of developing countries to secure better and more stable access to the markets of industralised countries, and hoped that every effort would be made to achieve this.

'Heads of Government noted the strong dissatisfaction of the Commonwealth African, Caribbean and Pacific (ACP) countries with the outcome of the negotiation for a successor to the Lomé Convention [see p 187]. This concerned many aspects of the Lomé Convention, including the dissatisfaction of the mineral exporting ACP countries with the proposed mineral assistance scheme and its failure to deal with the urgent problem of unstable export earnings [from] minerals.'

In reviewing developments in the North-South dialogue (see pp 92-3 and 200-1), Heads of Government 'expressed disappointment at the lack of faster progress towards more effective international co-operation in the areas of trade and finance, and concern at the slow pace of recent international negotiations on specific measures to promote the evolution of a new international order from which all countries could benefit'; however, they welcomed the

agreement reached on the Common Fund. 'They stressed the need to accelerate the setting up of effective international commodity agreements and recognised the need for effective mechanisms for consultations between producers to be developed within the framework of the Commonwealth.'

Acknowledging 'that effective industrialisation was an essential element in development strategy', Heads of Government endorsed the Commonwealth Action Programme agreed at the meeting of Commonwealth ministers held in Bangalore in March (see pp 90-1). They approved the establishment of an Industrial Development Unit in the Commonwealth Fund for Technical Co-operation, with proposed additional financial resources of £5 million for the initial three-year period.

Expressing concern over the international food security situation, they agreed that a meeting of Commonwealth Ministers of Agriculture and Food be held before or during the forthcoming meeting of the Council of the United Nations Food and Agriculture Organisation. Among the problems to be discussed could be food security, production and distribution, as well as the transfer of technology for the manufacture of agricultural inputs.

'Heads of Government expressed deep concern at the declining trend in Official Development Assistance in relation to national income. . . . They called for further improvement in the terms and conditions of aid, particularly for poor countries. In this connection, they noted with satisfaction the improvement effected by major Commonwealth donor countries in the terms of their aid to developing countries.'

Heads of Government discussed 'the special disadvantages that beset the growing number of smaller member countries, particularly the island developing countries and certain other specially disadvantaged member countries. They agreed that in order to offset the disadvantages of small size, isolation and scarce resources . . . special measures of support were required. They noted in particular the growing needs of small island states for specialised assistance to enable them to take effective advantage of the resources within their 200-mile Exclusive Economic Zones. In order to facilitate the exploitation of such resources, they hoped for early completion of the United Nations Conference on the Law of the Sea in a manner which would reflect in a balanced way the interests of all countries.' They requested the Commonwealth Secretary-General to pursue the programme of supplementary assistance to the island and other disadvantaged countries which he had proposed. Reaffirming 'their belief in the value of regional co-operation', Heads of Government agreed that the Commonwealth Secretariat 'should continue to assist efforts directed at fostering and strengthening regional and inter-regional co-operation'. They 'expressed satisfaction at the successful outcome of the first meeting of [Commonwealth] Heads of Government of the Asia/Pacific region held in Sydney in February 1978. They commended the initiatives flowing from the Sydney Meeting and hoped that progress in the consultative and working groups that had been established would contribute to the success of the next Heads of Government Regional Meeting in New Delhi in 1980.'

Other Issues

Recording their appreciation of the work of the Commonwealth Fund for Technical Co-operation, Heads of Government called for a positive approach by all members to the provision of additional real resources, and welcomed the intention expressed at the Meeting by a number of countries to make significant increases in their contributions.

With their Meeting taking place during the International Year of the Child (see p 39), Heads of Government agreed that all future development planning should reflect the important priority 'that the future economic and social wellbeing of all Commonwealth countries depends in large measure on the extent to which the special needs and aspirations of children are fulfilled'.

The original objectives of the Commonwealth Youth Programme were reaffirmed. The Programme, which was launched in 1973, is the only one in this field providing for extensive intergovernmental co-operation. Heads of Government endorsed an increase of at least one-third in pledges to the Programme, and agreed that the funds available for the period 1980 to 1982 should be increased to £1 million a year. They also agreed that the Commonwealth Youth Affairs Council at its meeting early in 1980 should review the Programme.

The work of the Commonwealth Foundation in developing and strengthening professional co-operation was commended, and, subject to a review of priorities, an expansion of its mandate was agreed in areas including culture, information, social welfare and rural development. The target for the Foundation's income was set at £1·1 million, although it was recognised that realisable resources were unlikely to exceed £900,000 in 1979-80.

Heads of Government agreed that official Commonwealth bodies at all levels, national, international and regional, should 'make a determined drive to establish regular exchanges with the unofficial sector' so that the energies and expertise of non-governmental organisations would be more effectively harnessed to programmes of social and economic development, and to increasing understanding of the Commonwealth among the general public.

Heads of Government noted that a review by the Commonwealth Secretary-General had revealed scope of greater involvement of women in Commonwealth Secretariat programmes, both as participants and beneficiaries. Action to help the Secretariat in the planning of programmes was considered, and it was recognised that to a large extent progress depended on the policies of member Governments. Governments should be encouraged to ensure that women played their full part in activities organised and training programmes funded by the Commonwealth Secretariat, and development projects of direct benefit to women should receive 'due priority' in Governments' requests for assistance.

Reaffirming the importance attached by Commonwealth Governments to the observance of human rights, Heads of Government welcomed in principle the initiative by the Government of The Gambia for the establishment of a Commonwealth Human Rights Commission.

They also welcomed in principle a proposal by the Government of Cyprus for the establishment of a Commonwealth Film and Television Institute which would operate as a non-governmental institution.

Heads of Government endorsed the establishment of a select committee to identify the most pressing communication and media problems, with particular reference to the needs of developing countries, and acknowledged the desirability of expanding media exchanges between Commonwealth countries.

DECLARATION ON RACISM AND RACIAL PREJUDICE

In a separate declaration attached to the communiqué, the Lusaka Declaration on Racism and Racial Prejudice, Heads of Government proclaimed their desire to work jointly as well as severally for the eradication of all forms of racism and racial prejudice. They described the Commonwealth as 'an institution devoted to the promotion of international understanding and world peace, and to the achievement of equal rights for all citizens regardless of race, colour, sex, creed or political belief, and ... committed to the eradication of the dangerous evils of racism and racial prejudice'.

They declared that:

'(i) the peoples of the Commonwealth have the right to live freely in dignity and equality, without any distinction or exclusion based on race, colour, sex, descent, or national or ethnic origin;

(ii) while everyone is free to retain diversity in his or her culture and lifestyle, this diversity does not justify the perpetuation of racial prejudice or racially disciminatory practices;

(iii) everyone has the right to equality before the law and equal justice under the law;

(iv) everyone has the right to effective remedies and protection against any form of discrimination based on the grounds of race, colour, sex, descent, or national or ethnic origin.'

Other points from the Declaration include: a rejection of policies designed to perpetuate apartheid or racial segregation as 'inhuman and intolerable'; the importance of ensuring that children 'should be protected from policies which may foster racism or racial prejudice'; the need to pay special attention to the problems of disadvantaged groups including indigenous minorities, immigrants and refugees; acceptance of the principle that positive measures may be required to advance the elimination of racism; and a belief in the importance of public information and education, and of the contribution which the media can make.

BRITISH VIEWS

In her statement at the opening session of the Heads of Government Meeting on 1 August, the Prime Minister, Mrs Margaret Thatcher, pointed out that the Commonwealth countries, which made up a quarter of the world's population and of the total number of the world's nations, belonged to different religions, races and cultures, and lived under very dissimilar political and economic systems. One of the factors which had brought the Commonwealth leaders together was history. 'Our shared history', said Mrs Thatcher, 'has given us some common ideas about politics and a common language in which to communicate. No other international gathering of comparable size has these advantages.' However, it was not enough for them 'just to exchange views on the issues of the day', or for the Commonwealth 'to operate simply as a worldwide communications network'. Nor was it enough that the Commonwealth should be merely one of the many international bodies for the provision of economic aid to developing countries, although 90 per cent of Commonwealth members belonged to that category.

'Important though all these functions are', said the Prime Minister, 'the Commonwealth must stand for something more if it is to endure. Our predecessors publicly committed the Commonwealth to the ideals of democracy, individual liberty and equality for all under the rule of law. It is not the exclusive prerogative of any one constitutional system to promote these ideals. They can – as I hope they do – exist within the wide variety of political arrangements under which we have variously chosen to live. But in a world in which these beliefs are under constant attack, I believe that the Commonwealth has a duty to proclaim them, to protect them and to practise them.'

World Economy

Passing to some topics which she thought would be central to the Meeting, Mrs Thatcher said that the prospects for the world economy were 'not encouraging'. The world faced 'slower growth, rising inflation, persistent unemployment and balance of payments problems'. The difficulties had been made worse by the latest round of oil price increases 'and by recent sudden arbitrary action which will affect the oil market and prices'.[1]

'The developing countries', the Prime Minister continued, 'will be doubly hard hit. In the first place, directly: but then, too, because many developed countries will be less able to give help or to provide the expanding markets which the developing countries need for their prosperity. In the short term, we each need to adopt sensible

[1]On 31 July British Petroleum's assets in Nigeria were nationalised because, the Nigerian Government alleged, 'of its supply of North Sea and/or Nigerian oil to South Africa'. In a statement issued on the same day, the British Government rejected the allegation as 'totally contrary to the facts'. It added that, in view of the timing of this 'extraordinary move', on the eve of the Commonwealth meeting, it 'could only suppose that the real reason behind it was something entirely different'. On 11 August Britain announced that it would be asking the Nigerian Government to reconsider its decision.

domestic policies, and to make the best use of existing international institutions for economic co-operation. In the longer term, we must find ways of using the world's limited supplies of fossil fuel more effectively, and to develop alternative and preferably renewable sources of energy.' The Tokyo summit had been an important step (see pp 198-200). Their discussions at the present meeting could take the process further.

Vietnamese Refugees

Mrs Thatcher then referred to 'the tragic plight of those caught up in the latest example of man's inhumanity to man: the refugees from Vietnam' (see pp 224-8). She said: 'Refugees are nothing new to some members of the Commonwealth, who have for years grappled with the problems they pose. Now others, too, notably Malaysia, are faced with very heavy social burdens not of their own making. Both the Commonwealth and the world community must constantly focus on the real source of the crisis, which is the policy pursued by the Vietnamese Government. Only if there is a genuine change of policy there can we hope to stop the appalling suffering. In the meantime we have a practical as well as a humanitarian and political problem to solve.' The Prime Minister said that the Geneva conference, at which a number of Commonwealth countries had been represented, had 'marked an important first step', but there was much more to do, and 'it is vital that the international community should maintain the solidarity it displayed at Geneva in following up the decisions reached there'.

Rhodesia

The basis of British policy towards the problem of Rhodesia was explained to the Meeting by Mrs Thatcher in a speech on 3 August. Referring to the recent changes in Rhodesia 'in which for the first time the African majority have been able to elect the leaders of the Government', Mrs Thatcher said that it was the British Government's view that the opportunity created by these changes should be used 'to see if we can now find the solution which has eluded us for so long, and to bring an end to the war'. She went on: 'I simply do not believe that there is anything now dividing the people of Rhodesia which is worth the use of the bomb and the gun to kill and maim men, women and children by the thousand, or which can justify the misery of the hundreds of thousands in refugee camps. In the changes that have now taken place we surely have the basis from which to try to develop a solution which will command general international acceptance.'

Turning to the extensive consultations which Britain had undertaken on the Rhodesian question in recent months, Mrs Thatcher said that these had revealed 'certain common factors'. The strongest was the view that the constitution under which Bishop Abel Muzorewa had come to power was defective in certain important respects, namely in the provisions which made it possible for the white minority to block, in the Parliament, constitutional changes that would be unwelcome to them. This was a valid criticism, Mrs Thatcher stated, adding that such a blocking mechanism had not appeared in any other independence constitution agreed to by the British Parliament. The principle that there should be some guaranteed representation for minority communities during a certain minimum period following the transfer of power on independence was not new – and Mrs Thatcher thought that all present recognised the importance to Rhodesia of encouraging the European minority to remain and to continue to play a useful part in the life of the community. But that was a very different matter from enabling them to block all change. Another valid criticism of the constitution related to the composition and powers of the various service commissions, and Mrs Thatcher said that it was 'clearly wrong that the Government should not have adequate control over certain senior appointments'.

Those consulted had also considered it essential that the search for a solution should involve the present external parties, so that their supporters outside the country might return home in peace and play their full part in political life.

Lastly, Mrs Thatcher said, she had been impressed by 'the general conviction that any solution of the Rhodesia problem must derive its authority from Britain as the responsible colonial power'. The international community had lost few opportunities to remind the British Government that it was 'Britain's constitutional responsibility to bring Rhodesia to legal independence on a basis of justice and democracy fully comparable with the arrangements . . . made for the independence of other countries'. Britain accepted that responsibility and had every intention of discharging it honourably.

As a result of the consultations, the British Government was now beginning to see the form that an attempt at a solution to the problem ought to take.

The British position included the following points:

1. The Government was 'wholly committed to genuine black majority rule in Rhodesia';
2. It accepted that it had a constitutional responsibility to grant legal independence on that basis and that only Britain could do this;
3. It accepted that its objective must be to establish that independence on the basis of a constitution comparable with the constitutions it had agreed with other countries; and
4. It was deeply conscious of the urgent need to bring peace to the people of Rhodesia and their neighbours, and would, therefore, present its proposals as quickly as possible to all the parties, and at the same time call on them to cease hostilities and move forward with Britain to a settlement.

'Our aim', Mrs Thatcher concluded, 'is to bring Rhodesia to legal independence on a basis which the Commonwealth and the international community as a whole will find acceptable. I believe that we now have a chance to achieve this, and we must take it.'

Cyprus: British Policy

Britain's 'firm commitment to the achievement of a just and lasting peace in Cyprus' was emphasised by Lord Trefgarne, a Government Whip, in the House of Lords on 25 July.[1] The pursuit of such a settlement, he added, 'is in the interests not only of the people of both communities in Cyprus, but of the security and stability of the eastern Mediterranean'.

Referring to Britain's special position in relation to the Cyprus problem as a Guarantor Power and signatory to the 1960 agreements establishing the independent Republic of Cyprus,[2] Lord Trefgarne said that the Government believed that it was important 'to maintain a position of even-handed friendship towards the island's two communities, even when that meant attracting criticism from both sides'. It took the view that the best way to achieve a lasting political settlement was 'by means of direct negotiations between the two communities under the auspices of the Secretary-General of the United Nations'. Britain did not believe that a settlement could be imposed from outside, or indeed 'that the responsibility should be removed from those who properly bear it: the parties themselves'.

Turning to recent developments, Lord Trefgarne said that Britain 'had very much welcomed' the agreement reached on 19 May between the President of Cyprus, Mr Spyros Kyprianou, and the Turkish Cypriot leader, Mr Rauf Denktash, providing for the resumption of the intercommunal negotiations on 15 June under the auspices of the UN Secretary-General, Dr Kurt Waldheim. These negotiations were now in suspense while the United Nations attempted to find a way round the problems which had arisen, initially those relating to the concepts of bi-zonality and security. Lord Trefgarne was hopeful, however, that an accommodation would be reached and the negotiating process resumed, and also that both parties would 'have very much in mind their agreement on 19 May to carry out the intercommunal talks in a continuing and sustained manner, avoiding any delay'.

At present Britain could best fulfil its responsibilities 'by giving encouragement . . . to United Nations efforts to maintain a continuous and productive negotiating process'. To this end, the Government had made clear to the parties and to Dr Waldheim its readiness to help in any way they would find useful, and had asked the other Guarantor Powers, Greece and Turkey, to use their influence to persuade the parties to adopt a constructive attitude in the negotiations. In addition, in regular diplomatic contacts with the parties, British influence was being used 'to press the view that it is in the interests of both the communities – indeed in the interests of Cyprus as a whole – to show statesmanship and a spirit of compromise in negotiation'. There was no doubt, Lord Trefgarne added, that great flexibility was required if a solution was to be reached and that both sides would have to accept hard compromises. It was also essential to restore mutual confidence, but so far 'the will actively to seek the sort of solution which would make that possible' had been lacking.

Britain fully acknowledged that its responsibilities were to members of all communities in Cyprus. At the same time, Lord Trefgarne explained, the formal position, in accordance with Britain's obligations under the 1960 treaties, was that it recognised only one Government in Cyprus – that of the Republic of Cyprus under President Kyprianou. There could be no question in the present situation of recognition of any other administration. This was not to say, however, that Britain did not recognise the rights and interests of the Turkish community. A firm requirement of Britain's technical co-operation programme in Cyprus, for instance, was that it be used to benefit the island as a whole. Similar stipulations had been made regarding other forms of bilateral assistance and British aid channelled through multilateral organisations. Furthermore, the Government did not intend to discourage or prevent commercial or other contacts between British companies and the Turkish Cypriot community. The British High Commission was also keeping in touch with Turkish Cypriot opinion.

Background

The session of intercommunal talks in June was the first since May 1977 (see pp 370-1, 1977). The moves to bring the two parties together were given impetus in November 1978 with framework proposals put forward as a suggested basis of negotiation by the United States, with the support of Britain and Canada, which in turn were followed by proposals by Dr Waldheim in December. In January 1979 the parties announced their willingness to resume negotiations, but Dr Waldheim's modified agenda was discarded in favour of a meeting between the two communities' leaders under Dr Waldheim's chairmanship.

At this meeting, held in Nicosia on 18 and 19 May, President Kyprianou and Mr Denktash agreed on a ten-point plan which laid down that the intercommunal talks should be based on the guidelines agreed in February 1977 between the then President of Cyprus, Archbishop Makarios, and Mr Denktash, and the United Nations resolutions relevant to the Cyprus question. It was also agreed that priority would be given to settling the question of the resettlement of Varosha (the former Greek Cypriot hotel area of Famagusta), simultaneously with the beginning of the consideration of the constitutional and territorial aspects of a comprehensive settlement. Other points included an agreement to abstain from any action which might jeopardise the outcome of the talks; a promise to discuss matters relating to the demilitarisation of Cyprus; and the statement that 'the independence, sovereignty, territorial integrity and non-alignment of [Cyprus] should be adequately guaranteed against union in whole or

[1] *Hansard, HL*, cols 2008-27.

[2] Under the Treaty of Guarantee signed by Cyprus, Britain, Greece and Turkey, the Republic undertook 'not to participate, in whole or in part, in any political or economic union with any State whatsoever'; and Britain, Greece and Turkey recognised and guaranteed 'the independence, territorial integrity and security of the Republic of Cyprus, and also the state of affairs established by the Basic Articles of its constitution'.

in part with any other country and against any form of partition or secession'. The two leaders also gave provisional assent to the setting up of an international committee under United Nations auspices to investigate the fate of missing people in Cyprus.

Indo-Chinese Refugees

Many more offers of resettlement places for Indo-Chinese refugees, additional financial support for relief measures on their behalf and a promise by Vietnam to suspend for a time 'illegal' departures by its citizens were the main results of the Meeting on Refugees and Displaced Persons in South-East Asia convened by the Secretary-General of the United Nations and held in Geneva on 20 and 21 July. On 18 July, the British Government announced that it would accept a further 10,000 Indo-Chinese refugees for resettlement (to make a total of 14,000) and that a further £5 million would be made available over the next year for dealing with refugee problems in South-East Asia. At the end of June refugees in countries belonging to the Association of South-East Asian Nations (ASEAN)[1] and in Hong Kong numbered some 350,000.

The 'urgent' need for such a conference, particularly to deal with 'the situation arising from Vietnam's inhuman actions', was proposed by Britain's Prime Minister, Mrs Margaret Thatcher, on 31 May in a letter to the Secretary-General of the United Nations, Dr Kurt Waldheim. Mrs Thatcher was replying to an appeal of 24 May by Dr Waldheim to all heads of Government 'to give the highest priority to measures which are necessary to meet this humanitarian crisis'. In doing so, he had pointed to the 'heavy burden' being borne by the countries in South-East Asia; called on other countries to 'translate good intentions into action'; and urged them to increase their financial contributions to the Office of the United Nations High Commissioner for Refugees (UNHCR) and 'to join in the search for lasting solutions by making available increased numbers of resettlement places' to enable the refugees to begin a new life.

The proposal for a meeting was endorsed by the heads of Government of the European Community meeting in Strasbourg on 21 and 22 June (see p 183), and by the leaders of seven of the largest industrial countries at the Tokyo summit meeting on 28 June (see pp 198-200). The latter described the plight of the Indo-Chinese refugees as 'a humanitarian problem of historic proportions' and 'a threat to the peace and stability of South-East Asia'.

[1]These are Indonesia, Malaysia, the Philippines, Singapore and Thailand.

The Meeting

The meeting was attended by representatives of 65 countries including Vietnam but not Laos and Cambodia. Britain's delegation was led by the Secretary of State for Foreign and Commonwealth Affairs, Lord Carrington, and included Mr Peter Blaker, Minister of State at the Foreign and Commonwealth Office, and the Governor of Hong Kong, Sir Murray Maclehose. The agenda, as defined by Dr Waldheim in his opening address, embraced the questions of 'asylum, rescue at sea, safe and orderly departure, and the related questions of refugee centres and attainment of durable solutions'. Dr Waldheim also told the delegates that they had come to seek 'concrete ways of alleviating a crisis where the results will literally involve the life or death of thousands upon thousands of human beings'. While, therefore, he recognised that the plight of the refugees was a symptom rather than a cause of a problem which had deep political roots, he appealed to delegates to concentrate on the humanitarian aspects of the situation and hoped that this approach would 'lead to a significant alleviation of the present tragic situation in South-East Asia'.

The meeting resulted in an increase in offers of resettlement places for the next 12 months from 125,000 to 260,000, and in pledges of additional support for the activities of the UNHCR with respect to the refugees amounting to $190 million. (The latter does not include a commitment by Japan to contribute half the cost of the current year's UNHCR programme for Indo-Chinese refugees.) The Philippines offered to provide a site for a UNHCR-funded holding centre to accommodate a minimum of 50,000 refugees (this is in addition to the two sites previously offered by the Philippines and Indonesia – see p 228). Following extensive consultations with Dr Waldheim, Vietnam agreed that it would, for a reasonable period of time, 'make every effort to stop illegal departures', and announced it would co-operate with the UNHCR in expanding the agreement reached in June for the orderly departure of refugees for family reunion and other humanitarian reasons (see p 227). The meeting also demonstrated the strength of international concern about Cambodia, the need for a political solution to its problems, and, more urgently, the need for food aid for its starving people.

There was widespread affirmation of 'certain fundamental principles' summarised by Dr Waldheim in his closing speech on 21 July. These were the basic right of individuals to stay in their own country or leave as a matter of free will; that when they leave they must have orderly arrangements for departure, the prospect of a safe journey and an assured destination; that the principle of first asylum must be respected by the countries to which the refugees flee; and that all members of the international community must work together for their resettlement.

Reporting the results of the meeting to the House of Lords on 24 July (*Hansard, HL*, cols 1815-21), Lord Trefgarne, a Government Whip, said that the meeting had been an important one and would have even more important results. He hoped that the world community now had at least

a breathing space while it set about the urgent task of clearing the refugee camps in South-East Asia and so giving new lives to the 'boat people' (see p 227) and land refugees. The world community was clearly ready to grasp its responsibilities for bringing order into the human misery which characterised the problem. It now looked to Vietnam, whose inhumane policies were the root causes of the problem, to show the same responsibility as a member of the community of nations.

British Statements

Addressing the meeting on 20 July, Lord Carrington said the aims of the meeting 'must be to find ways to alleviate [the refugees'] suffering: firstly by getting the Government of Vietnam to exercise a humane policy in respect of its own people, and secondly by finding ways of sharing throughout the international community the unfair burden which is now being borne by Hong Kong and the countries of South-East Asia'. He did not think that these aims would be served by raking over past history, but, with regard to the reasons of the boat people for leaving Vietnam, he could only conclude that 'they have left because the policies of the Vietnamese Government made it impossible for them to remain. And their fate, caused by the policies of the Vietnamese Government, is now the international concern of us all'.

Turning to the Vietnamese Government's proposal that 'its extremely limited . . . understanding with the UNHCR, totally inadequate in scale, should be implemented', Lord Carrington took this to mean that 'family reunion should be expanded to provide for orderly departure of all those who wish to leave Vietnam'. This needed to be studied with great attention. At the same time, he emphasised, 'Vietnam must acknowledge that no country has the right to force on other countries a section of its own population which it no longer wants within its borders. Any long-term programme for the orderly departure of people who wish to leave Vietnam must be seen to be just and fair. It must be truly voluntary, with no element of open or hidden compulsion. Those who wish to leave must be allowed to continue their normal lives in Vietnam while they await departure. There should be no need for camps in Vietnam. If they leave, there must be arrangements to ensure that they do so in numbers and at times which the rest of the world can absorb.' Lord Carrington also pointed out that 'the international community which is trying to lift the burden of refugees in the countries and territories of first asylum must now expect Vietnam to cease the pressures on those people who are being forced to flee so that they stop their flight. The world needs sufficient time for those refugees already in South-East Asia and Hong Kong to be resettled. This is an urgent requirement. Vietnam must respond to it and thereby show that the world can rely on its assurances.'

With regard to the problem of easing existing pressures, Lord Carrington pointed to three requirements: 'commitments from countries outside the area to receive refugees for final settlement and to contribute generously to ever-escalating costs'; measures 'to bring order into the flow of refugees from Vietnam so that the present loss of life is arrested'; and the reassertion of 'the principles of first asylum and the safety of life at sea which have come under such strain as the present crisis has grown'.

In the resettlement arrangements, Lord Carrington continued, there 'must be no jumping of the already overlong queue of people awaiting resettlement in Hong Kong and South-East Asia'. International participation was 'an essential part of any scheme' and such participation could best be conducted through a commission drawn from a small number of neutral and non-aligned countries. This would work closely with the United Nations High Commissioner for Refugees and the Vietnamese Government to set up and manage acceptable arrangements for handling people who wished to leave Vietnam. The same commission, or one like it, he added, should also tackle the plight of those who wished to leave Laos and Cambodia. The pressure on Thailand could become intolerable if fighting continued in Cambodia and if there were a serious famine there. He urged the international community to do what it could immediately to provide food for the starving under effective international supervision, and called for a political solution to the problems facing Cambodia.

In the context of orderly departure, Lord Carrington told the conference that Britain supported the proposal to establish large transit centres to provide temporary homes, and would co-operate with the High Commissioner and the governments involved. He warned, however, that these temporary homes should not be allowed to become permanent, and urged the international community to 'do its utmost to give permanent homes and a livelihood to the refugees' and to finance the costs.

Britain, Lord Carrington explained, was in a unique position, having a particular responsibility for Hong Kong which had taken in all the refugees who had reached its shores and turned away none. Britain intended to take its share of refugees for final settlement, and, subject to parliamentary approval, would take in over the coming months a further 10,000 refugees. All these places, however, would be allocated to Hong Kong because its resources were already stretched to the limit and because the number of refugees there was continuing to increase. Lord Carrington hoped that others also would commit themselves to do more for Hong Kong which now had nearly one-third of all boat refugees in camps in South-East Asia. Britain would make available over the next 12 months a further £5 million for assisting the refugees.

The Foreign Secretary also pointed to the need to work out effective programmes for the resettlement of refugees in developing as well as more of the developed countries. Many of the refugees could make a valuable contribution to the prosperity of these developing countries. He recognised that these countries would require financial and other assistance in resettlement.

With regard to the accepted principles of international behaviour governing temporary asylum

for people whose lives were in danger, and the obligation to save life at sea, Lord Carrington said that these principles were not designed to cope with a man-made disaster of the size now being witnessed. It was not surprising that they had broken down here and there under the pressure of what seemed to be an endless influx of refugees. But they had to be upheld and reasserted if the fabric of civilised international life were to be preserved. This responsibility, he continued, fell not only on the countries of the area, and the captains of vessels in the seas around Vietnam, but also on potential host countries, because it would be hard to fulfill unless resettlement programmes were adequate.

Attitude to Vietnamese Policy

Britain's condemnation of Vietnam's policy was spelt out on 30 May by the Lord Privy Seal, Sir Ian Gilmour. Sir Ian said that the mass migration of the boat people resulted from the Vietnamese Government's deliberate policy which was 'one of the most callous and cynical in recent history'. The Vietnamese Government, he explained, 'makes life so intolerable for its own people, that these people have no choice but to leave'. The overwhelming majority of them were Vietnamese citizens of Chinese descent, many of them with several generations of family residence in Vietnam, who had been subject to all kinds of harassment with a view to getting them to leave. 'Such a blatantly racialist policy', he declared, 'should be quite unacceptable to the international community.' Moreover, it was well established from reports by refugees that the Vietnamese Government, often in connivance with unscrupulous businessmen, was engaged in organising the exodus and in systematically depriving the refugees of their belongings before departure. The money acquired he suggested, must be one of the Vietnamese Government's largest sources of foreign exchange.

Britain, he added, had made 'the strongest representations' to the Vietnamese Government, for only if it changed its attitude and recreated tolerable conditions for its own citizens could the situation be brought under control. He hoped that international pressure would be brought upon it to fulfil its responsibilities.

British Assistance

Britain's decision, first announced on 18 July,[1] to take in a further 10,000 refugees brought the number of resettlement places offered to over 14,000. Previous commitments included an announcement in January 1979 that, as a contribution to encouraging a wider international response to the problem, Britain would admit 1,500 refugees in addition to the 1,100 already granted entry; its acceptance for 'humanitarian reasons' on 28 May of the 1,000 Vietnamese rescued at sea by the British-registered MV *Sibonga* and taken to Hong Kong, its next scheduled port of call; and, similarly, its agreement on 11 June to take in the refugees rescued by the British-registered MV *Roachbank* and not accepted at the ship's first port of call in Taiwan. By mid-July, some 3,150 refugees had arrived in Britain.

With regard to the rescue of refugees at sea, the British Government on a number of occasions has confirmed that it will honour its international obligations in accordance with the law of the sea and require British ships to assist those in distress at sea. It believes also that, in accordance with normal international practice, there is a duty on countries to which these ships are sailing to let such refugees land at the ship's first port of call. In undertaking to accept the refugees rescued by the MV *Sibonga,* therefore, the Government made clear that it could not make a general commitment about similar action in the future, It has also pointed out that Britain's capacity to absorb large numbers of refugees is limited because of its special commitments to accept families of Commonwealth immigrants already in Britain, and British passport holders from East Africa.

Britain's support for UNHCR operations in 1978 totalled £7 million, and included over £2 million for its special programme on South-East Ásia. The announcement on 18 July of a further £5 million for relief efforts in the region is in addition to its pledge of £3·5 million for the UNHCR's general programme of 1979. Britain also contributes to European Community assistance programmes for the refugees, some $16 million having been allocated for this in the Community's budget for 1979. Over and above this, the Community has recently provided $7 million to help cover the UNHCR's expenses, and is supplying 8,000 tons of rice and 1,500 tons of powdered milk to cover half the UNHCR's food requirements for Indo-Chinese refugees between June and August 1979.

THE REFUGEE PROBLEM

Since 1975 when Communist regimes came to power in South Vietnam (now part of Vietnam), Laos and Cambodia, well over 1 million people[1] have left these countries. The task of giving refuge to these people has so far fallen mainly on countries in South-East Asia, some 550,000 having sought asylum there by the end of June 1979. Of these about 200,000 have been resettled away from the region, leaving, at 30 June 1979, some 350,000 in the ASEAN countries – principally Thailand (173,000),[2] Malaysia (72,000) and Indonesia (43,000) – and in Hong Kong (59,000). In the first six months of 1979 there was an increase of over 155,000 people in the camps in South-East Asia, despite the departure of some 54,000 for resettlement over the same period. In addition, United Nations sources estimate that 235,000 refugees and displaced persons – mainly ethnic Chinese from what was formerly North Vietnam – have entered China. There were also 30,000

[1]*Hansard,* cols 1779-89.

[1]Including 130,000 resettled directly to the United States in 1975.

[2]This figure does not include 40,000 Cambodians which have entered the country since January 1979 and not been given temporary asylum. In the same period another 40,000 Cambodians who entered Thailand have been returned to Cambodia.

Cambodian refugees and displaced persons in Vietnam.[1]

Refugees entering Thailand have come overland, mainly to escape the fighting and disturbed conditions in Laos and, more recently, Cambodia. Those in other countries have mainly arrived by sea from Vietnam – some 277,000 since 1975. The number of these boat people seeking refuge from Vietnam, mainly in small boats, has increased considerably in recent months – rising from 21,000 in November 1978 to 57,000 in June 1979 – though evidence for July suggests that the number of departures is now falling. These figures would be higher still if asylum had been granted to all who sought it – faced with the increase, certain of the countries most affected have refused boat people permission to land and expelled many thousands to the high seas – and but for large numbers of refugees, estimated between 30 per cent and 50 per cent of those who embark on the voyages, having perished. Many have been rescued at sea.

Most of the boat people are Vietnamese of Chinese descent, and it is estimated that a further 800,000 to 1·25 million such people could leave Vietnam if the Vietnamese Government does not change its policy of discriminating against them. The flow of ethnic Vietnamese is also increasing.

The Vietnamese Government has frequently maintained, most recently in a document circulated at the United Nations, that the majority of the refugees have left the country voluntarily at the instigation of 'imperialists' and 'reactionaries' or had refused to adapt themselves to the difficult post-war conditions. It has promised to co-operate with the UNHCR and the countries of South-East Asia with a view to solving the problem, but up until the meeting in Geneva had done so to little effect. At the end of May it reached an agreement with the UNHCR to permit the orderly departure of people who, for family reunion and other humanitarian reasons, wished to leave Vietnam for countries of new residence. The agreement, however, appears to cover only people who have offers of resettlement places because of links with relatives abroad. It is estimated that the number thus involved is about 30,000.

The Situation in Hong Kong

In relation to area and population, the greatest burden has so far been borne by Hong Kong, a British Crown Colony covering 1,050 sq km (about 400 sq miles) in which live nearly 5 million people. Since 1975 some 90,000 Vietnamese refugees have arrived in the colony, nearly 67,300 of them in 1979. Of the total, over 14,000 have been allowed to settle in Hong Kong and another 10,000 have been resettled in other countries. In early August 1979, however, there were still 66,600 refugees in reception camps awaiting resettlement. These camps are full to overflowing, yet until recently the boat people were still arriving at a rate of over 5,000 a week; in July, arrivals averaged about 2,000 a week.

The influx of refugees, moreover, has coincided with a very high level of immigration from China. These immigrants, both legal and illegal, are estimated to have numbered 100,000 in 1978, and another 112,000 are estimated to have arrived in the first five months of 1979. This immigration alone has threatened living standards in the colony, and has placed enormous strain on Hong Kong's social services, particularly its public housing.[1]

Despite these pressures, the Hong Kong Government has maintained its traditional humanitarian policy of offering temporary shelter to all refugees who arrive in their own boats, or who have been picked up at sea by ships for which Hong Kong is the next scheduled port of call. In response to recent developments, however, it has enacted legislation to allow it to prevent large ships with refugees aboard from entering harbour if Hong Kong is not the first scheduled port of call, or if the vessel concerned is believed to be involved in the organised traffic of refugees. Measures have also been taken to deal more effectively with illegal Chinese immigration, and, following talks in London between the Governor and British ministers in mid-June, British forces in Hong Kong have been strengthened.

South-East Asian Reactions

The influx of the refugees into the countries of South-East Asia has caused severe political, socio-economic and security problems, and has given rise to concern for the maintenance of stability in the region. In particular fears have been expressed that the delicate internal balances achieved in involving existing Chinese populations – in Indonesia and Malaysia, for example – could be threatened, and that among the refugees there will be agitators with this purpose in view.

ASEAN foreign ministers discussed the situation at a special meeting in Bangkok in January and at their ministerial meeting in Bali from 28 to 30 June. In a communiqué issued at the end of the June meeting, they agreed that Vietnam was 'responsible for the unending exodus of illegal immigrants', deplored the fact that it had not taken any effective measures to stop the flow, and appealed to the international community to prevail upon it to take such action. At the same time, the foreign ministers stated that their countries, having reached 'the limit of their endurance', would not accept any more new arrivals and gave notice that they would send out the 'illegal immigrants'/refugees already within their borders should they not be accepted by resettlement countries or by their countries of origin within a reasonable time. (Measures to prevent further inflows of refugees had been instituted in June by Malaysia and Indonesia with respect to the boat

[1]In mid-1978 Cambodian refugees in Vietnam numbered some 150,000, but most of these have returned to Cambodia since the overthrow of the Government of Premier Pol Pot, following a Vietnamese invasion, and its replacement by a new Government under Premier Heng Samrin in January 1979. This Government has not been recognised by Britain.

[1]With the number of households in Hong Kong expected to rise from 1 million to 1·3 million by 1983, the Hong Kong Government is undertaking major house improvement and replacement schemes including the building of three new towns to house 2 million people by the mid-1980s. Because of the colony's shortage of level land for building, new towns are being built on land reclaimed from the sea.

people, and Thailand with respect to Cambodian refugees.)

With regard to resettlement programmes, the ministers stressed the importance of processing centres. They welcomed the offers by Indonesia and the Philippines respectively of the islands of Galang and Tara as UNHCR processing centres – made on the conditions that third countries made firm commitments to take refugees from them within a reasonable time and provided financial assistance for their operation – and their acceptance by a special meeting of 24 countries (including Britain) convened to discuss the question of resettlement centres in Jakarta on 15 and 16 May. The foreign ministers also suggested that such centres could be established outside the ASEAN region.

Resettlement and Assistance

According to UNHCR figures the number of Indo-Chinese refugees accepted for resettlement by 30 June 1979 numbered some 560,000. Of these, some 230,000 were in China and 217,000 in the United States. Only six other countries, including Britain (see p 226), had accepted 2,000 or more. Of these France had accepted 50,600, Australia 22,800, Canada 15,000 and the Federal Republic of Germany 3,750. At this time, the resettlement of refugees out of the area was proceeding at about 10,000 a month. As a result of the new pledges of resettlement places made before or during the Geneva meeting, the UNHCR plans to increase this to between 20,000 and 30,000 a month as soon as possible. Together with previous commitments, the new pledges mean that the United States will take 390,000 refugees, France 66,000, Canada 65,000, Australia 37,000 and the Federal Republic of Germany 10,000.

Financial and other assistance made available to the UNHCR for refugees and displaced persons in South-East Asia between 1975 and 30 June 1979 has totalled nearly $121 million. Of this, nearly a third, $42·8 million, had been provided by the United States, while another six countries (including Britain – see also p 226) had contributed over $5 million each and the European Community nearly $8 million.

ECONOMIC AND SCIENTIFIC AFFAIRS

Oil and Gas

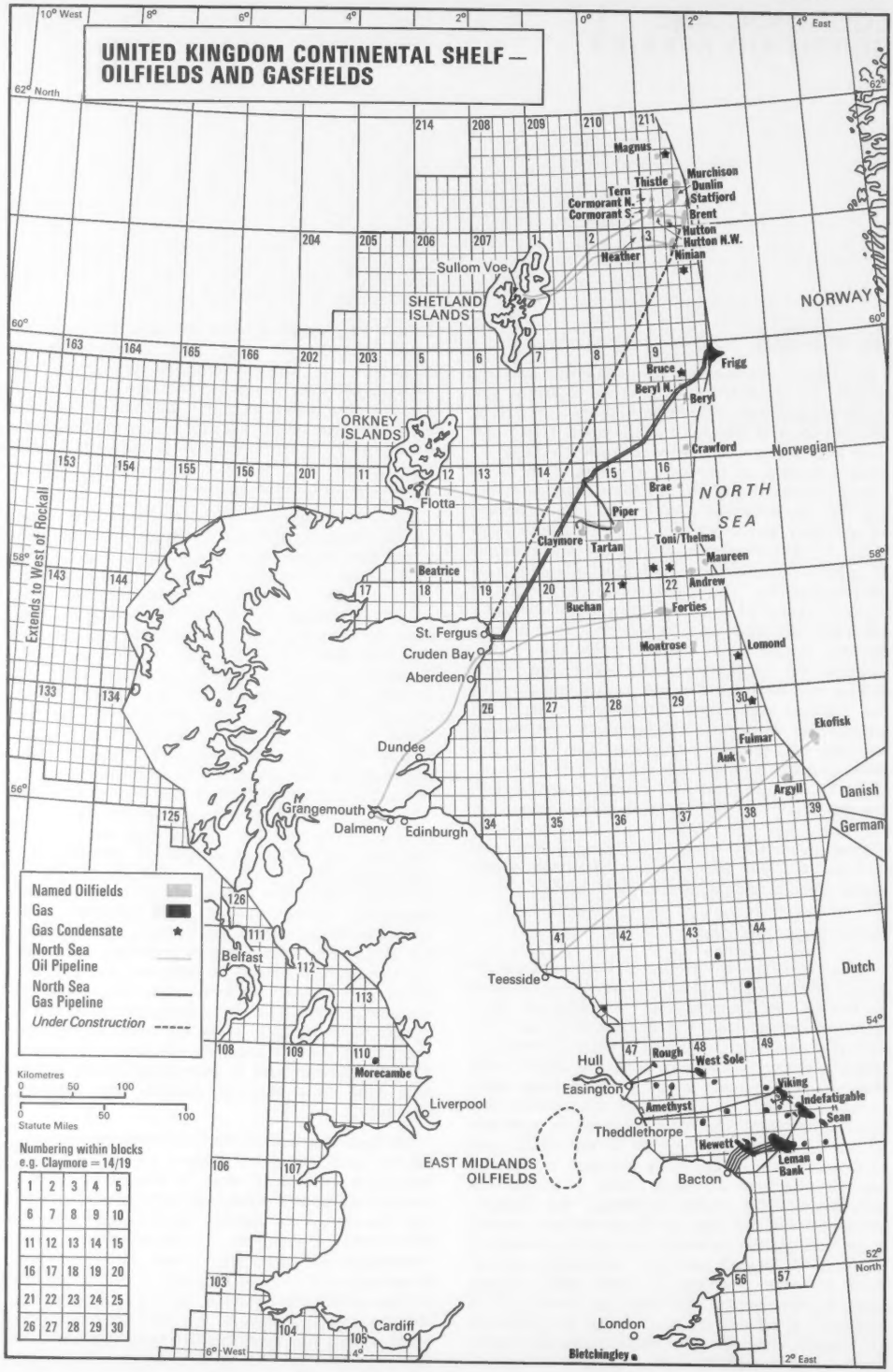
Following a review of the activities of the British National Oil Corporation (BNOC), the Government has concluded that the BNOC should have a much more limited role, and that the pattern of ownership of the Corporation's assets, at present exclusively in state hands, should be changed. Measures restricting the Corporation's activities are intended as a major contribution to restoring a high level of exploration activity in the United Kingdom Continental Shelf (UKCS) after the recent decline. The Department of Energy's annual review of the development of Britain's offshore oil and gas resources noted this decline which was reflected in the lower number of exploration and appraisal wells drilled and new finds made. Other features of the review were the continued rise in oil production in 1978, the growing economic benefits of offshore oil and gas, and the improvement in offshore safety. The Government has announced that royalty payments in the first half of 1980 will be taken mostly in oil, and that the system of interest relief grants to British firms supplying goods and services for the development of Britain's offshore oil and gas resources is to end.

FUTURE OF THE BNOC

In a statement in the House of Commons on 26 July (*Hansard*, cols 891-3), the Secretary of State for Energy, Mr David Howell, said that the Government had reviewed the BNOC's activities, and had 'also had much in mind the serious decline in offshore activity'. He said that the BNOC was engaged in two main activities: as a large-scale oil trader, mainly as a result of the participation agreements with other oil companies to purchase 51 per cent of most of the oil on the UKCS, and as a substantial oil company engaged in exploration, development and production. In connection with the BNOC's trading activities, the Government had decided that the Corporation's access to oil through the participation options should be retained. Mr Howell said that, although in conditions of major shortage he could take powers under the Energy Act 1976 (see pp 294-5, 1976) to control and direct oil movements, in conditions of limited shortage, as were currently being experienced, the BNOC's direct access to 'participation' oil, together with the arrangements for receiving royalty in terms of oil, strengthened the position. The Government believed that the BNOC's offshore assets and interests should be more widely owned and that this could 'best be achieved through the disposal of assets from state hands or by the introduction of private capital into the operation'. He would make a further announcement in due course.

Mr Howell said that the BNOC had 'too many licence obligations and commitments, along with a number of privileges *vis-à-vis* other oil companies' and that these features were 'a source of the instability and lack of confidence' that had affected offshore oil exploration which it was essential to change. The Government had decided that the 'BNOC's preferential position in future licensing rounds should be ended and that its present over-extended exploration commitments should be reduced'. It also intended to end the BNOC's special access to government finance through the National Oil Account. These changes followed the announcement by the Chancellor of the Exchequer in the Budget (see p 194) that the BNOC, which had previously been exempt from petroleum revenue tax, would now be liable in common with other oil companies, and his own announcement, on 15 June, that the policy of giving the BNOC first refusal whenever an offshore petroleum licence was assigned between companies would be ended. He had also decided that the BNOC's statutory role of providing advice to the Government should be removed and that the Corporation should no longer be represented on operating committees for developments where it did not have an equity stake. He would strengthen the Department of Energy's resources to ensure that the Government in exercising its regulatory role was 'fully able to protect vital national interests'.

Mr Howell indicated that some of the changes he had outlined would require legislation which would be introduced later in the parliamentary session. He said that the measures would 'encourage companies to explore more widely and to invest more confidently in development'. More investment had to be encouraged, both in drilling on already licensed territory and in deeper waters on the UKCS. His decision 'to examine with the industry the problems of the so-called marginal fields should also be of positive help'. He had that day confirmed the first batch of awards of licences


UNITED KINGDOM CONTINENTAL SHELF — OILFIELDS AND GASFIELDS
10° West
8°
6°
4°
2°
0°
2°
4° East
62° North
60°
58°
56°
54°
52° North
6° West
4°
2° East
Magnus
Thistle
Murchison
Dunlin
Statfjord
Tern
Cormorant N.
Cormorant S.
Brent
Hutton
Hutton N.W.
Heather
Ninian
Sullom Voe
SHETLAND ISLANDS
NORWAY
Frigg
Bruce
Beryl N.
Beryl
ORKNEY ISLANDS
Crawford
Norwegian
Brae
Flotta
NORTH SEA
Piper
Claymore
Tartan
Toni/Thelma
Maureen
Andrew
Beatrice
Buchan
Forties
Extends to West of Rockall
St. Fergus
Cruden Bay
Montrose
Lomond
Aberdeen
Ekofisk
Fulmar
Auk
Argyll
Danish
Dundee
Grangemouth
Dalmeny
Edinburgh
German
Dutch
Named Oilfields
Gas
Gas Condensate
North Sea Oil Pipeline
North Sea Gas Pipeline
Under Construction
Belfast
Teesside
Hull
Easington
Rough
West Sole
Viking
Indefatigable
Sean
Amethyst
Theddlethorpe
Hewett
Leman Bank
Bacton
Morecambe
Liverpool
EAST MIDLANDS OILFIELDS
Cardiff
London
Bletchingley
Kilometres
0 50 100
0 50 100
Statute Miles
Numbering within blocks
e.g. Claymore = 14/19
1 2 3 4 5
6 7 8 9 10
11 12 13 14 15
16 17 18 19 20
21 22 23 24 25
26 27 28 29 30

under the sixth round of offshore petroleum production licensing (*Hansard*, 26.7.79, written answers, cols 357-8) and he was 'well advanced with the preparation of a seventh round of licensing'.

ANNUAL REVIEW 1978-79

The sixth annual report of the Department of Energy on the development of Britain's oil and gas resources was published on 10 July.[1] In a foreword, the Secretary of State for Energy, Mr David Howell, noted that the review had been prepared under the previous Government and presented a detailed account of developments in 1978. Mr Howell wrote that the aim of the present Government was that 'the vitally important further exploration work should go forward with increased vigour, so as to secure timely and successful development in the years ahead' when production from existing fields would begin to decline. The Government was rapidly reviewing existing policies and wanted to create conditions in which all concerned could 'play their part in the development of our oil and gas resources for the benefit of the nation as a whole'.

Oil Production and Reserves

Oil production rose from 38·2 million tonnes in 1977 to 54 million tonnes in 1978 which comprised 52·8 million tonnes of offshore crude oil, 600,000 tonnes of petroleum gases, about 400,000 tonnes of gas condensate extracted mainly from the Frigg and Southern Basin gasfields, and some 100,000 tonnes of crude oil from onshore fields in the East Midlands and Dorset. The increase was mainly due to the build-up of output from the Brent, Claymore, Forties and Piper fields and the start of production from four new offshore fields (see Table 1). By December 1978 production had risen to over 1·3 million barrels a day, equivalent to nearly 65 million tonnes a year.[2] In 1978 indigenous oil production corresponded to about 57 per cent of total requirements and 25 per cent of primary fuel consumption. Not all the oil was used to meet British requirements; the report notes that 'imports and exports of different qualities of crude oil, and some products, are necessary to balance supply with refinery and end-use demand'. Oil production is forecast to rise to between 70 million and 80 million tonnes in 1979, between 85 million and 105 million tonnes in 1980, and to between 115 million and 140 million tonnes in 1982 and 1983.

The quantity of recoverable oil reserves originally in place on the UKCS is estimated to be between 2,400 million and 4,400 million tonnes. Up to the end of 1978, 106 million tonnes had been extracted, leaving estimated remaining reserves of between 2,300 million and 4,300 million tonnes.

Gas Production and Reserves

More than 38,200 million cubic metres (mcm) of natural gas were produced from the UKCS in 1978 (see Table 2). Most of the gas purchased by the British Gas Corporation continued to come from the Southern Basin of the North Sea, but there was a marked increase in the contribution from the Northern Basin as a result of the build-up in supplies from the Frigg field. In 1978 indigenous natural gas production met about 88 per cent of primary gas demand and was equivalent to 16 per cent of primary fuel consumption. The rate of gas flaring at oilfields, to dispose of gas produced in association with oil where other methods of disposal were not available, was around 12·5 mcm a day in 1978, equivalent in energy terms to about 7 per cent of total oil production. The rate is expected to fall from 1980 as gas injection and collection schemes come into operation.

Recoverable gas reserves originally in place on the UKCS are estimated to lie between 1 million and 2·3 million mcm. After deducting cumulative production up to the end of 1978, remaining reserves are estimated at between 700,000 and 2 million mcm. Reserves under contract to the British Gas Corporation could support average production of 160 mcm a day by the early 1980s. In 1978 the Corporation completed negotiations with the licensees of the Leman Bank and Indefatigable fields on restructuring of supply contracts and it will have greater flexibility in matching gas production to demand, with the option of taking a smaller amount of gas in the early 1980s and deferring the balance for later use.

Exploration and Development

In 1978, 158 wells were drilled offshore, bringing the total to 1,296 since exploration began in 1964. The number of development wells drilled, 96, was the same as in the previous year, but the numbers of exploration and appraisal wells (37 and 25 respectively) were both well below those drilled in 1977. In 1978 significant oil finds were made in blocks 2/10a, 14/18 and 30/17b. Development and production programmes for six fields – Beatrice, Cormorant North, Fulmar, Magnus, Maureen and Tartan – were approved by the former Secretary of State for Energy in 1978 or 1979 and he also issued a long-term consent for development of the Buchan field.[1] Development drilling on the upper reservoir of the Wytch Farm field in Dorset, the largest onshore field in Britain, was substantially completed in 1978 and production began in March 1979. In July 1978 the British Gas Corporation announced that the Morecambe gasfield in the Irish Sea was commercially attractive and would be developed. Several pipelines were completed and the two to Sullom Voe in Shetland began operating in 1978. The Sullom Voe oil terminal (costing just over £1,000 million) is more than half completed and received its first oil from the Dunlin field in November 1978. When

[1] *Development of the Oil and Gas Resources of the United Kingdom 1979*. Department of Energy. HMSO, £2·75. ISBN 0 11 410758 0.

[2] The latest Department of Energy statistics show that in June 1979 over 1·7 million barrels a day were produced.

[1] Approval for the development and production programme of the Hutton North-West field was announced by the Minister of State at the Department of Energy, Mr Hamish Gray, in the House of Commons on 25 July (*Hansard*, written answers, col 238).

Table 1

Offshore Oilfields in Production or under Development

Field name	Main block	Other UKCS blocks	Date of initial production	Crude oil production in 1978 (million tonnes)
Fields in production:				
Forties	21/10	22/6a	November 1975	24·5
Piper	15/17	—	December 1976	12·2
Brent	211/29	—	November 1976	3·8
Claymore	14/19	—	November 1977	3·0
Beryl	9/13	—	June 1976	2·6
Thistle	211/18	211/19	February 1978	2·6
Auk	30/16	—	February 1976	1·3
Montrose	22/17	22/18	June 1976	1·2
Argyll	30/24	—	June 1975	0·7
Dunlin	211/23	211/24	August 1978	0·7
Heather	2/5	—	October 1978	0·1
Ninian	3/3	3/8	December 1978	0·04
Fields under development:				
Beatrice	11/30a	—	1981	
Buchan	21/1	20/5	1979	
Cormorant North	211/21a	—	1982	
Cormorant South	211/26	211/21	1979	
Fulmar	30/16	30/11b	1981	
Magnus	211/12a	—	1983	
Maureen	16/29	—	1982	
Murchison (UK)	211/19	—	1980	
Statfjord (UK)	211/24	211/25	1979	
Tartan	15/16	—	1980	

Note: By the end of 1978 other significant discoveries had been announced in blocks 206/8, 210/15, 210/25 (Tern field), 211/13 (two finds), 211/16, 211/18 (two finds), 211/19, 211/27 (Hutton North-West), 211/28 (Hutton), 2/5, 2/10 (two finds), 3/2, 3/4 (two finds), 3/7, 3/9a, 3/11, 3/14a, 3/15, 9/12, 9/13 (Beryl North and another find), 9/19, 9/28 (Crawford), 14/18, 14/20 (three finds), 15/13, 15/21, 15/23 (two finds), 15/27, 16/7 (Brae and another find), 16/17 (Toni/Thelma), 16/21, 16/22, 16/28 (Andrew), 21/2, 23/26a, 23/27 and 30/17b.

Sullom Voe's design capacity of 1·4 million barrels a day (nearly 70 million tonnes a year) is achieved, it will be handling over half of Britain's North Sea oil production.

Economic Benefits

In 1978 sales of oil produced on the UKCS reached £2,800 million and the value of indigenous natural gas production, estimated at the cost of equivalent imported oil, was about £2,000 million. Although the resources needed in oil and gas production were substantial, there was a very significant excess of revenue over costs, a large part of which accrued to the nation as receipts of royalties and taxes on profit. In 1978-79 government revenues attributable to North Sea oil and gas were some £520 million: £288 million from royalties, £183 million from petroleum revenue tax and some £50 million from corporation tax.

Investment

Capital investment in oil and gas production was estimated at £2,300 million in 1978, equivalent to about 22 per cent of industrial investment in Britain and about 8 per cent of gross domestic fixed capital formation. A further £4,800 million may be invested from January 1979 to the end of 1980.

Disposal of Crude Oil

In 1978 total disposals of UKCS crude oil amounted to some 52 million tonnes, of which 28 million tonnes were delivered to refineries in Britain. Exports amounted to 23·9 million tonnes, of which about 50 per cent went to other European Community countries, 30 per cent to the United States, and 20 per cent to Norway, Sweden and Finland.

Employment, Training and Safety

The workforce on offshore installations including rigs and platforms was estimated at 12,500 in July 1978, compared with 12,100 in 1977. According to the Petroleum Industry Training Board, over £3 million was spent on training by offshore companies (excluding capital expenditure on company training centres) in 1978. Facilities at the Drilling and Production Technology Training Centre at Montrose were expanded in response to demand from companies, and the number of courses increased by over 60 per cent.

The code of offshore safety regulations planned under the Mineral Workings (Offshore Installations) Act 1971 was completed in 1978 when regulations concerned with the provision and use of fire-fighting equipment were implemented. A general improvement in offshore safety standards occurred in 1978 and the review says that 'an

Table 2

Gasfields in Production

Field name	Main block	Other blocks	Date of initial production	Production in 1978	Cumulative production to end of 1978
				(thousand million cubic metres)	
Leman Bank	49/26	49/27, 49/28 and 53/2	August 1968	14·72	127·03
Indefatigable	49/18	49/19, 49/23 and 49/24	October 1971	6·45	40·61
Hewett	48/29	48/28, 48/30, 52/4a and 52/5a	July 1969	6·39	53·80
Viking	49/17	49/12a	July 1972	5·24	32·88
Frigg (UK)	10/1	—	September 1977	2·65	3·26
West Sole	48/6	—	March 1967	1·53	19·69
Rough	47/8	47/3a	October 1975	0·93	2·51
Associated gas produced and used on Northern Basin oil production platforms				0·32	0·47
Total offshore natural gas production				38·23	280·25

Note: Other gas discoveries are shown on the map on p 230.

important contributory factor was the continued co-operation of the companies and the installation managers in the application of the offshore safety regulations'. In September 1978 the then Secretary of State for Energy set up an independent committee to review the offshore safety regulations and procedures for which he was responsible.

Offshore Orders

In 1978 orders worth a total of £1,574 million for goods and services for the UKCS were reported to the Department of Energy's Offshore Supplies Office. British suppliers continued to increase their share of orders and won 66 per cent, representing orders of some £1,037 million, compared with 62 per cent in 1977. The value of orders placed was £984 million for development (including construction of production platforms and terminals, installation operations and development drilling), £434 million for general services, £83 million for exploration and £73 million for maintenance, and the British offshore supplies industry's shares were 70, 63, 27 and 73 per cent respectively.

ROYALTIES

The Minister of State at the Department of Energy, Mr Hamish Gray, announced in the House of Commons on 29 June that in the first half of 1980 royalties due under petroleum production licences would be taken mostly in oil rather than in money. Mr Gray said that this had been decided after consultation with the licensees concerned and that he also intended 'to hold discussions with oil companies on the possibility of taking royalty in kind in subsequent chargeable periods'.

OFFSHORE SUPPLIES INTEREST RELIEF GRANTS

The Government's decision to end the system of interest relief grants to British firms supplying goods and services for the development of Britain's offshore oil and gas resources was announced by the Minister of State, Department of Energy, Mr Hamish Gray, in the House of Commons on 2 July. Mr Gray said that interest relief grants under this scheme would not be available for new contracts placed after 31 March 1980 or additions made after that date to existing contracts. In reaching its decision, the Government had considered the scheme in relation to its value as a means of compensating for preferential export credit rates available for overseas supplies and to the need to reduce public expenditure. It had decided that the scheme no longer represented value for money. This conclusion also took account of the changed situation since the scheme's introduction in 1973 in that all Britain's partners in the European Community had given assurances in 1977 that they did not or would no longer provide preferential export credits for trade within the Community including continental shelf trade. Mr Gray said that, although the scheme would have to end, the Government continued to attach very great importance to the efforts of British industry in maintaining the position it had won in the UKCS offshore market. Britain's offshore supplies industry would need to continue to demonstrate its competence and reliability, but the Government would ensure that the industry obtained 'a full and fair opportunity to win business for our continental shelf on a competitive basis'.

Aerospace

The Government proposes to change the status of British Aerospace (BAe), at present a statutory corporation (formed in 1977 – see pp 25-7, 1976, and p 124, 1977), to that of a company, providing for an element of private ownership.

Announcing this in a statement in the House of Commons on 23 July (*Hansard*, cols 29-30) the Secretary of State for Industry, Sir Keith Joseph, said that since the Government took office in May it had carefully considered the circumstances of the industry in the light of the undertaking, set out in the Conservative Party's election manifesto, to introduce private ownership. Despite the fierce competition in this international industry, he was confident that the industry in Britain had the talents and skills to flourish. BAe, with its spread of interests embracing civil and military aircraft as well as guided weapons and space systems, made a substantial contribution both to the national economy and to national defence. In the years ahead it would generate large internal funds, but substantial external funds would also be required. In considering how these demands might best be financed, the Government had consulted, among others, the board of BAe and the trade unions representing those employed in the industry.

The ownership of the industry would be transferred from the present statutory corporation to a company incorporated under the Companies Acts. Initially the shares in the company would be held by the Government, which would then make some available to private ownership, retaining about half. Employees would be given a special opportunity to buy shares. The change to company status would not result in any alteration to the present business; its assets, liabilities and contracts would all be transferred to the new company. Sir Keith also hoped to secure continuity in management at board level.

The Government would look to the company to obtain from commercial sources any external funds that were needed, although it would retain the power to provide funds on commercial terms, if that proved necessary. On that basis, it would not expect to intervene in the administration of the company as a commercial concern.

Sir Keith concluded by saying that legislation would be introduced before the end of 1979 to permit these policies to be carried out. The Government had considered a number of alternative courses, including the introduction of private capital into the Dynamics Group (see p 24, 1978). While the proposed legislation would not exclude this, the Government's strong preference was to maintain the present structure of the industry.

Civil Aviation

The Secretary of State for Trade has announced the Government's proposals for the future organisation and financing of British Airways which will involve legislation to convert the airline from a public corporation into a company operating under the Companies Acts, and it intends that a substantial minority shareholding in the company should be offered for sale to the public. A British delegation and representatives of the Government of the People's Republic of China have reached agreement for starting air services between China and London and Hong Kong. Both British Airways and the British Airports Authority reported higher profits in 1978-79.

FINANCING OF BRITISH AIRWAYS

In a statement in the House of Commons on 20 July (*Hansard*, cols 2183-4), the Secretary of State for Trade, Mr John Nott, said that he had been looking at the capital structure and financial requirements of British Airways in view of the airline's major programme of fleet replacement and expansion, which would necessitate a substantial increase in capital investment from both internal and external sources over the next few years. He said that the Government was concerned 'to give British Airways the most effective form of organisation for carrying out its programme in response to the changing demands of the market rather than on the basis of Government targets and support'. Accordingly, he proposed that British Airways would be given a new capital structure and that 'a substantial minority shareholding in the enterprise should be offered for sale to the public'. The Government would give up control over British Airways' investment programme and the company would in future obtain its financial requirements from capital markets both at home and overseas. Mr Nott said that his proposals did not involve a separate disposal of any part of the airline's activities. Special arrangements would be made 'to enable employees of British Airways to take up shares in the enterprise should they wish to participate in its future and share in its growth'. He envisaged full consultations with the airline's management and employees.

Mr Nott said that he would put forward proposals later in the year for the legislation which would be required. The timing of any issue of shares would depend on market and other circumstances. He would also set out the Government's views on the air transport licensing system administered by the Civil Aviation Authority.

AIR SERVICES AGREEMENT WITH CHINA

The successful conclusion of an agreement between a British delegation and representatives of the Government of the People's Republic of China on starting air services between China and London and China and Hong Kong was announced by the Department of Trade on 26 July. It said that a formal air services agreement had been initialled. This was an up-dated version of an agreement initialled in 1973 and provided for scheduled services by both sides on a trunk route linking London with Peking via the Middle East. British Airways would initially run two services a week using Boeing 747s and the Civil Aviation Administration of China would also operate two services a week. The target date for inaugurating services by both sides was 1 April 1980. Provision had also been made for scheduled services between Hong Kong and the most important cities

in China, and these direct air links would 'help to maintain Hong Kong's position as a major point of entry to China for both business and tourist traffic'. Both sides were convinced that, in addition to facilitating travel, the successful outcome of the negotiations would 'assist in developing closer political and commercial relations'.

BRITISH AIRWAYS ANNUAL REPORT

British Airways' profits, before taxation and interest payments, amounted to £110 million in 1978-79, £31 million more than in the previous year, according to its annual report and accounts, published on 26 July.[1] The group's turnover rose by 21 per cent to £1,640 million, of which airline revenue accounted for £1,403 million. After interest, taxation and the payment of a dividend to the Government, British Airways retained £62 million. However, profits were below the target set by British Airways mainly because of a number of events in the second half of the year including exceptionally severe winter weather in Europe and North America, the strength of sterling in foreign exchange markets, the troubles in Iran and the subsequent fuel price rises, and the continuing effects of technical difficulties with the airline's Trident aircraft requiring modifications to be made. These events also contributed to British Airways' failure to meet the Government's financial target of an 11 per cent return on mean net assets for the four years 1975-76 to 1978-79; it achieved a return of 9·5 per cent.

British Airways carried a record 15·8 million passengers on scheduled services in 1978-79, 18 per cent more than in 1977-78, and the passenger load factor was 64·5 per cent. Several new passenger services were introduced; for example, in collaboration with Braniff International, British Airways extended its London-Washington Concorde service to Dallas/Fort Worth in Texas (see p 37). Following a review of British Airways' financial position as affected by the operation of Concorde services, the Government accepted a review group's recommendation that Concorde aircraft and spares should be entered in British Airways' accounts as a fully depreciated asset and a corresponding amount of public dividend capital (£160 million) written off; the write-off will require legislation. Any surpluses earned on Concorde operations under the new arrangements would be divided, with the Government taking 80 per cent and British Airways retaining 20 per cent.

British Airways expects that the trend of air travel becoming cheaper in real terms will continue and foresees an acceleration towards more low-cost seats on all its routes in the next five years. The extensive fleet and ground re-equipment plans of the airline are based mostly on this premise and over the next five years it plans to acquire some 76 aircraft and 16 helicopters. Among the orders already placed are those for eight more Lockheed TriStars, 28 Boeing 737s and 19 Boeing 757s. The report says that 'these plans set British Airways' objectives for the 1980s: to be a substantial and profitable airline meeting widespread demand for air transport at the lowest possible cost'.

BRITISH AIRPORTS AUTHORITY

Pre-tax profits of the British Airports Authority (BAA) rose by 21 per cent in 1978-79 to £29·4 million and the return on average net assets was 9·8 per cent, compared with 8·7 per cent in 1977-78, according to its annual report and accounts, published on 18 July.[1] The BAA's income totalled £162·2 million in 1978-79 and expenditure was £131·6 million. Trading profits totalled £30·6 million (before interest and taxation payments), with profits of £42 million from its commercial operations (trading concessions, rents and services) more than offsetting a loss of £11·4 million on traffic operations.

Passenger traffic through the BAA's seven airports rose by 14·3 per cent in 1978-79 to 40·7 million, although the report notes that just under half of this increase came from a recovery of traffic lost in the previous year through industrial disputes concerning airlines and air traffic control. London (Heathrow) handled 27 million passengers, London (Gatwick) 8·1 million, Glasgow 2·2 million, Aberdeen 1·2 million, Edinburgh 1·2 million, Prestwick 631,000 and Stansted 338,000. A public inquiry into the BAA's proposals for a fourth terminal at Heathrow was completed in December 1978 and a public inquiry is to be held into its plans for a second terminal at Gatwick to raise the airport's annual passenger handling capacity from 16 million to 25 million.

Shipbuilding

The Government's policy towards British Shipbuilders during the current severe recession in merchant shipbuilding was announced on 23 July. The corporation's annual report for 1978-79 shows that its trading losses were kept close to the limit set by the previous Government in 1978.

Government Policy

Explaining the Government's approach to shipbuilding in the House of Commons (*Hansard*, 23.7.79, cols 41-3) the Minister of State for Industry, Mr Adam Butler, said that the Government had completed a review of the state and

[1] *British Airways. Annual Report and Accounts 1978-79.* British Airways Board. HMSO, £1·25. ISBN 0 900031 12 3.

[1] *British Airports Authority. Annual Report and Accounts 1978-79.* Available from the BAA, 2 Buckingham Gate, London SW1E 6JL. ISBN 0 903460 21 1.

prospects of merchant shipbuilding with British Shipbuilders (BS), and had had wide consultations with trade unions, private sector interests, the shipping industry and the European Commission. 'Our consultations have fully confirmed the view of the last Government – and indeed of those working in the industry – that further contraction is inevitable given the extreme severity of the world recession', he said. The Government was prepared to put public funds, for a two-year period, behind BS's own efforts to achieve viability, and was considering further the most appropriate means of financing the corporation. It would give BS a nil commencing capital debt while, in the meantime, BS would continue to be financed on an interim basis from the National Loans Fund.

At the end of 1978, BS had presented its plans for dealing with the situation to the then Labour Government, advising, in effect, that merchant shipbuilding in Britain should contract from the present capacity of 630,000 tons to an annual rate of some 430,000 tons by March 1981, and that manpower should at the same time be reduced from 28,000 to 20,000.

Mr Butler pointed out that substantial overcapacity existed worldwide and that at present there appeared to be no early prospect of recovery. With the severe difficulties in securing new orders (which reached only 230,000 tons in 1978) the corporation had recognised the magnitude of the task facing it in avoiding contraction below 430,000 tons, and the vital need to increase competitiveness as well as for recovery in the market. In such circumstances the Government had to judge how far and how much it could help.

Following the lapse of the previous Intervention Fund in March, the Government reached a temporary agreement for its renewal with the European Commission. The Government was now making proposals for a fund of £120 million to cover the next two years, and in this context the capacity of 430,000 tons was the highest figure that, in its view, could be retained. It would pursue other means of support: it was ready to take part in a Community 'scrap-and-build' scheme, provided that it was cost-effective; it was proposing credit for conversions by British shipowners, and would support improved credit terms in current discussions in the Organisation for Economic Co-operation and Development; and it would advance public sector orders where practicable.

Mr Butler said that the cost to public funds of this assistance would be substantial and BS was aware of the need for strict financial discipline. For the current financial year BS's cash limit of £250 million and trading loss limit of £100 million, after crediting Intervention Fund assistance, were not being changed. The corporation was also being set a financial target for 1980-81 of limiting its trading loss, before crediting Intervention Fund assistance, to £90 million; it would also have to make substantial progress in the longer term towards providing an adequate return on capital employed.

Mr Butler noted that contraction would occur mostly in localities where unemployment was already high. For the most part the shipbuilding industry was located in special development areas and the Government was concentrating its regional industrial assistance on these areas. To help to alleviate hardship to individual workers and their families it had extended the special redundancy payments scheme to the full period authorised by the Shipbuilding Redundancy Payments Act (see p 277, 1978).

Mr Butler said in conclusion that while the Government wanted to see a viable and flourishing merchant shipbuilding industry, prospects depended on the industry's ability to win orders within the limits of the substantial financial assistance which the Government was making available. For the future, the Government attached particular importance to the prospect of BS achieving high levels of efficiency and productivity and of its being able to compete, without subsidy, when the recession was over, in what was still likely to be a very tough world.

Financial Structure

The Government has decided not to bring forward measures at the present time to introduce private sector finance to BS. Announcing this following his statement on British Aerospace (*Hansard*, 23.7.79, cols 29-30), the Secretary of State for Industry, Sir Keith Joseph, said that he had considered whether a comparable financial reconstruction might be made for BS and that whereas, in principle, he should have liked to introduce private sector finance to shipbuilding at the same time, he had concluded that this was not the right time to do so, in view of the particular problems of the industry and the consequent difficulty of predicting its future size.

Annual Report

BS made a trading loss before interest and tax credits of £49·5 million in the year to 31 March 1979, compared with a loss of £104·5 million in its first nine months to 31 March 1978, according to the corporation's annual report published on 25 July.[1] Over a quarter of the total turnover of £810 million was exported.

In the report, the chairman, Admiral Sir Anthony Griffin, pointed out that despite difficult trading conditions, the trading loss for 1978-79 had been kept close to the limit of £45 million (before interest and tax and after receipts of Intervention Fund assistance – see pp 123-4, 1977) set in 1978 by the then Secretary of State for Industry. In his review of operations the chief executive said that the current commercial climate was the worst the industry had ever known. Nevertheless, progress had been made in equipping BS to survive the crisis and prepare for the return to normal trading conditions. The corporation was convinced that 'a long-term European Community shipbuilding policy is needed to guard the interests of the Community's shipbuilding and shipping industries and to moderate the violently cyclical fortunes to which both are vulnerable'.

[1] *British Shipbuilders. Report and Accounts 1978-79.* HMSO, £1·50. ISBN 0 11 982891 X.

Guidelines for Multinational Enterprises

The Council of Ministers of member states of the Organisation for Economic Co-operation and Development (OECD) met in Paris in June and reaffirmed their continued support for the guidelines for multinational enterprises (MNEs) agreed in 1976 (see pp 291-3, 1976). They also agreed to strengthen their co-operation and consultation in the field of international investment. In its review[1] of the 1976 declaration and decisions, summarised below, the OECD Committee on International Investment and Multinational Enterprises (the CIIME) recommended only one change, concerning employment and industrial relations.

OVERALL REVIEW

The main finding was that the 1976 instruments had made an important contribution to the climate of international investment and to the strengthening of the basis of mutual confidence between MNEs and states; this was expected to continue. The instruments provided means of intensified co-operation and consultation among member governments and a framework for exchanges of views with the international business community and labour organisations on issues relating to international investment and MNEs. In recognition of the importance of providing a stable framework in this area and of the value of the 1976 agreements, the CIIME proposed that the 1976 declaration remain unchanged. The CIIME was particularly keen that, with the one exception described below, there should be no major revision of the guidelines at this early date. The emphasis of the CIIME's proposals was on improving the follow-up of the 1976 instruments in the years ahead and on the future work of the Committee in areas which, it was hoped, would lead to further co-operation between member governments regarding international investment and MNEs. A review of the instruments within five years was proposed.

REVIEW OF INDIVIDUAL GUIDELINES

The 1976 declaration set out guidelines in seven areas: general policies; disclosure of information; competition; financing; taxation; employment and industrial relations; and science and technology. The Committee examined each area in turn but also explained that member governments regarded the guidelines as a balanced whole.

General Policies

The guidelines on general policies specified that enterprises should take fully into account the established objectives of policy of the OECD countries in which they operate. This necessitated, among other things, observance of local economic and social aims; provision of information which the local government may request; close co-operation with local community and business interests; avoidance of bribery; and discretion regarding involvement in local political activities.

The Committee pointed out that specific cases had shown part of these guidelines to be particularly relevant when a local subsidiary of an MNE was to be closed. In such a case it would be advisable for a company to consult with the local government in order to obtain clarification of its policies. The CIIME felt that the right of an enterprise to decide on partial or total closure of a particular plant remained unimpaired; however, certain conditions should be given due weight in making such a decision.

The CIIME gave special consideration to the possibility that a firm might wish to close a subsidiary that was still profitable and transfer its activities abroad. It felt that, as the guidelines referred to the necessity of 'specialisation and sound commercial practice' they provided for the interests of an enterprise as a whole as well as those of individual subsidiaries. They did not, therefore, call for the continuance of existing structures of MNEs nor did they infringe their freedom to pursue a world-wide strategy judged to be in the best interests of the whole firm. However, such freedom was circumscribed by national law and contractual obligations.

Disclosure of Information

The guidelines on disclosure of information called for the publication (with due consideration for confidentiality, cost and the relative importance of a particular subsidiary in the whole enterprise) of sufficient information on the structure, activities and policies of the enterprise as a whole. These should be over and above the requirements of national law.

Only two accounting years had passed since the guidelines were made public and the Committee agreed that this was a fairly short period in which to expect changes in practice. However, it noted that observance had been much more widespread by large MNEs than by the small and medium. Even among the large there were considerable differences according to the nationality of the parent company, reflecting historical differences in practice. Some MNEs explained a reluctance to disclose information by reference to such problems as competitive disadvantage, time, cost and the diversity of national requirements for reporting, accounting and breakdown of information. However, the Committee pointed out, the guidelines contained certain qualifications which catered for genuine difficulty in these areas, and it felt that significant further efforts would be needed to encourage further observance.

Competition

On competition, the guidelines specified that MNEs should conform to official rules on competition and the established policies of the countries in which they operated. They should not abuse a dominant market position and they should, subject to legal and commercial considerations, allow purchasers, distributors and licencees the freedom to resell, export, purchase and otherwise to develop their operations. They should not become

[1] *International Investment and Multinational Enterprises: Review of the 1976 Declaration and Decisions.* Available from HMSO, £3. ISBN 92 64 11970 1.

involved in cartels or restrictive arrangements not accepted by national or international legislation. They should be prepared to consult and co-operate with competent authorities of countries whose interests regarding competition issues or investigations were directly affected.

The Committee felt that these guidelines had proved useful to several governments, which had referred to them when dealing with international cartels or with problems related to obtaining information on restrictive practices of MNEs. The OECD Committee of Experts on Restrictive Business Practices had put forward in 1977 proposals for follow-up action at national and international level; the same Committee was at present studying various aspects of the collection of information on restrictive practices and forms of international co-operation in this connection.

Financing

No particular issues regarding financing had been brought to the attention of the CIIME. The guidelines specified that, in managing their financial and commercial operations, MNEs should take into consideration the policies on balance of payments and credit of the host country.

Taxation

The guidelines on taxation called for MNEs to supply the national authorities with all required information. Also, enterprises should not modify the basis for their tax assessment in contravention of national laws.

The Committee pointed out that these guidelines, especially the first part, had been welcomed by national tax authorities as a useful supplement to the means they already had to obtain information on the activities of MNEs.

Employment and Industrial Relations

The guidelines on employment and industrial relations dealt with such matters as: employees' rights to trade union representation; the provision of information needed in negotiations; the observance of good standards of employment and industrial relations; training of the local labour force; notification of impending closure of subsidiaries; and the pursuit of non-discriminatory employment policies except where selectivity was to achieve greater equality of opportunity.

The one change recommended by the Committee as a result of the review concerned a further guideline in this section, which specified that enterprises should not transfer, or threaten to transfer, operations out of a country in order to influence the course of negotiations with employees' representatives. This provision was made more restrictive. The Committee felt that the transfer of employees (although not mentioned in the guidelines) from a subsidiary in order to influence unfairly negotiations with employees' representatives would be contrary to their general spirit and approach. This part of the guidelines was therefore amended to read (with the new wording in italics): 'Enterprises should, within the framework of law, regulations and prevailing labour relations and employment practices, in each of the countries in which they operate . . . in the context of bona fide negotiations[1] with representatives of employees on conditions of employment, or while employees are exercising a right to organise, not threaten to utilise a capacity to transfer the whole or part of an operating unit from the country concerned *nor transfer employees from the enterprises' component entities in other countries* in order to influence unfairly negotiations or to hinder the exercise of a right to organise.'

Science and Technology

The guidelines on science and technology specified that MNEs should try to ensure that their activities matched the scientific and technological policies and plans of the countries in which they operated and contributed towards their scientific and technological capacities. Enterprises should be reasonable in granting licences for the transfer of technology.

The Committee pointed out that the OECD was studying the effects of MNEs on science and technology in host countries.

NEED FOR FOLLOW-UP

The CIIME pointed out that, although significant efforts had been made at national level since 1976 to follow-up the guidelines, these efforts needed to be strengthened. It recommended that governments, business and workers' organisations undertake further promotional and educational activities to make more widely known the content of the guidelines and the manner in which they were to be implemented. It welcomed the fact that many MNEs had declared their support of the guidelines and went on to recommend that all such enterprises should indicate publicly, preferably in their annual reports, their acceptance of them.

At the international level, intergovernmental consultative procedures had been established in 1976, the Committee commented. Their objective had been to provide a forum in which member governments could exchange views on the guidelines and receive the views of business and labour organisations through two advisory committees to the OECD, the Business and Industry Advisory Committee (BIAC) and the Trade Union Advisory Committee (TUAC). The CIIME welcomed the willingness of the BIAC and the TUAC to take a pragmatic and informal approach to the discussion of matters of common interest and provided for additional exchanges of views between all three committees.

AMENDMENTS TO 1976 DECISIONS

In 1976 the Council of Ministers of the OECD issued, in conjunction with the guidelines, three short decisions. They related to: intergovernmental consultation procedures on the guidelines; national treatment; and incentives and disincen-

[1]Bona fide negotiations may include labour disputes as part of the process of negotiations. Whether or not labour disputes are so included will be determined by the law and prevailing employment practices of particular countries.

tives to international investment. In appendices to the Review the CIIME proposed minor revisions to all three decisions. These mainly concerned the need for the CIIME to take into account the views of the BIAC and the TUAC in its periodic reports to the Council of Ministers. They also proposed that the revised decisions be reviewed within five years instead of three.

Council for the Securities Industry: Codes of Conduct

The Council for the Securities Industry (CSI) (see p 140, 1978) issued two codes of conduct on 30 July. One was concerned with initial issues of shares[1] while the other was directed at dealers in securities[2]. Both codes are in draft form and the CSI invites comments on points of detail from interested parties by 26 October.

CODE FOR NEW ISSUES

A committee of the CSI has for some time been examining the obligation of bodies that arrange share issues, that is issuing houses or sponsoring brokers, to decide on the fitness of a company for a listing of shares. An issuing house or sponsoring broker has to ensure that a company applying for a listing of shares complies with the detailed requirements of the Companies Acts and the Stock Exchange but the need to take an overall view is nowhere stated.

At a meeting on 20 July the CSI agreed in principle that a statement setting out the sponsor's general responsibility should be issued. The statement of 30 July dealt only with an initial listing of a company: it was not concerned with further issues of shares by a company already listed. Also, the statement was not wholly applicable to overseas companies.

The statement points out that the absence of authoritative guidance on the overall duties of issuing houses and brokers when sponsoring the initial listing of a company on the Stock Exchange does not normally matter. This is because issuing houses and brokers are jealous of their good name and sponsor a company for listing only if they are satisfied that it is ready for this step. In rare cases, where listing has been shown in retrospect to have been a mistake, Department of Trade inspectors and others have raised the question of the responsibility of the issuing house or broker. The statement says that it would be useful for all concerned to have a clear understanding of the broad considerations that an issuing house or broker should have in mind when deciding whether or not to sponsor a new issue.

The main consideration, the statement continues, concerns the ability of those who have managed a private company to manage a public listed company. The CSI felt that the general responsibilities of an issuing house or broker in deciding whether or not to sponsor could be expressed in five propositions (summarised below) which should not, however, be regarded as comprehensive or definitive.

First, the sponsor has a general responsibility to ensure that the shares can properly be offered for public subscription or sale and that the company can be expected to comply with the standards expected of a listed company.

Secondly, the sponsor should ensure that reports are commissioned to establish the accuracy of information contained in the offer of sale, prospectus or advertised statement. The overall effect of the information supplied should give a true impression; this goes beyond an obligation merely to avoid misstatements.

Thirdly, the sponsor should inquire from the bankers, auditors, reporting accountants (if any), solicitors and brokers to be named in the prospectus whether they know of anything which, in their opinion, would make the company unsuited for flotation or would require further investigation.

Fourthly, the sponsor should ensure that the directors are fully aware of their responsibilities as directors of a listed company.

Finally, the sponsor should ensure fairness in the procedures proposed for the allotment of shares and the handling of the money paid for them.

The statement would be brought into effect by requiring that, prior to the hearing of an application for listing, companies lodge with the Stock Exchange a letter from an issuing house or sponsoring broker stating that they had conducted themselves in accordance with the statement. Thus, the CSI would not be engaged in day-to-day administration of the code; it would be interpreted by the issuing houses and sponsoring brokers. Any difficulties would be handled by the Stock Exchange.

CODE FOR DEALERS

At its meeting on 20 July the CSI also gave general approval to a draft code of conduct for dealers in securities. Many of the provisions are required by the Capital Markets Code of Conduct of the European Community, which the CSI has an obligation to implement.

In drawing up the code the CSI had in mind dealers acting primarily as agents for clients who are not professionals in the securities market. The code in its present form could not readily be applied to specialist markets, such as that in eurobonds. The applicability of the code to these specialist markets will be explored as part of the present consultations.

The objective of the code, according to the CSI, is to establish standards of ethical behaviour so

[1] *The Responsibilities of an Issuing House or Broker Sponsoring an Initial Issue.*

[2] *Draft Code for Dealers.*

as to promote the effective functioning of the securities market and to safeguard the public interest. It applies to dealers licensed under the Prevention of Fraud (Investments) Act 1958, those exempted from the Act and members of recognised associations of dealers in securities. The code covers dealings in all securities, whether or not listed on the Stock Exchange.

The 32 provisions are divided into five sections: the code; management of investments (discretionary clients); remuneration; audit; and general.

The Code

The CSI stresses the need for observance of the spirit as well as the letter of the code and the importance of the highest standards of professional conduct and integrity. In any conflict of interest between a dealer and a client the interest of the client should take precedence. A dealer should avoid any practice which might lead to a false market (where the price of a security is determined by contrived methods or by the spread of dubious information). A dealer should honour a client's desire for anonymity and should not encourage sales or purchases with the main objective of generating commission.

Management of Investments (Discretionary Clients[1])

The code specifies that a dealer should manage investments for a client only where there is a written management agreement between dealer and client. The dealer should keep for each client sufficient records so that the client's precise cash and investment position can be readily established. The need for regular written reports on a client's investments and a statement of fees is also stated.

Remuneration

The code lays down that a dealer should make known his scale of charges to a client before undertaking any business. A dealer should also inform his client of any commission or discount received from the other party to the transaction.

Audit

The code says that even dealers not subject to the Companies Acts should have their accounts audited according to the provisions of the Acts. Also, a dealer should make available to clients, on request, a copy of his latest balance sheet. This does not, however, apply to member firms of the Stock Exchange, whose documents are subject to regular scrutiny.

General

The code requires dealers to maintain sufficient insurance cover to safeguard clients against losses caused by acts of dishonesty or theft. Finally, a dealer should assist the CSI in any inquiries it may undertake.

[1]Clients whose portfolio is managed by a dealer at his own discretion.

Whale Conservation

The International Whaling Commission, meeting in London, has banned the taking of sperm whales by factory ships and all whaling in the Indian Ocean. The British Government, which had announced a new policy on whaling and put forward its own proposals, has welcomed the Commission's decision, while promising additional action.

The Commission, which regulates whaling throughout the world, met from 9 to 13 July.[1] Following the Commission's decision, only coastal vessels, which tow the whales ashore for processing, will be allowed to catch sperm whales. All species will benefit from the ten-year ban on whaling in the Indian Ocean. The Commission also decided to study more humane methods of catching whales.

Britain stopped whaling in 1963, and banned the import of whale products, except those derived from the sperm whale, in 1973 (see p 290, 1973).

Britain's Policy

On 9 July British ministers announced a new government policy on whaling. In a written reply to a question in the House of Commons, the Minister of Agriculture, Fisheries and Food, Mr Peter Walker, stated that he had reviewed Britain's policy on whaling and concluded that 'a radical change in direction is required'. He believed that the present methods used to kill whales were unsatisfactory. He was 'not convinced that the science of whale populations is yet adequate to enable catch quotas to be set at levels which can be guaranteed to prevent a continuing decline in stocks'. At the Commission's meeting, Britain would, therefore, seek to secure a moratorium on commercial whaling. During the period of such a moratorium it would press for further studies. It would also support the principle of whale sanctuaries. Special considerations applied to aboriginal whaling by Eskimos and similar peoples to meet local nutritional and cultural requirements; the Government believed that such activities should be allowed to continue under strict controls.

The Minister considered that the International Whaling Commission remained 'the most appropriate body for ensuring international co-operation towards the effective conservation of whales'. Britain would therefore continue to be a member and play a full and active part in the Commission's activities.

The Government would be seeking to obtain agreement within the European Community for a Community-wide ban on imports of sperm whale oil and other derivatives. It would also enter into discussions with the user industries.

The Government was concerned that the effectiveness of the measures taken by the Commission

[1]The Commission's 22 member countries are: Argentina, Australia, Brazil, Britain, Canada, Chile, Denmark, France, the Irish Republic, Japan, Mexico, the Netherlands, New Zealand, Norway, Panama, Peru, Seychelles, South Africa, South Korea, the Soviet Union, Sweden, and the United States.

to conserve whales should not be undermined by indiscriminate whaling by non-member countries. It was therefore considering whether Britain could take any further steps to help this objective.

Background to Policy

The Commission was informed about the new British policy by Mr Alick Buchanan-Smith, Minister of State for Agriculture, Fisheries and Food, when he opened the meeting.

Mr Buchanan-Smith pointed out that the establishment of the Commission in 1946 had been 'a major advance towards the effective conservation of whales'. Since then, there had been 'a growing awareness of man's responsibility to conserve his environment, and in particular wildlife'. The Minister of State recalled that, at the Stockholm Conference on the Human Environment in 1972 (see pp 288-93, 1972), Mr Walker had made clear Britain's interest. (At the Conference, Mr Walker, speaking as the Secretary of State for the Environment, expressed the then Government's wish that further action should be taken to protect whales.) In recent years it had been realised that 'large-scale commercial whaling had placed the survival of some species at risk'. Mr Buchanan-Smith added: 'We owe it to future generations to ensure that stocks are not over-exploited.'

The Government supported the work of the Commission. 'However,' the Minister of State pointed out, 'since the Commission was established, nearly every whale stock has declined and some species have had to be totally protected. Some stocks show no sign of recovering: these include the blue, humpback and bowhead whales. The largest stocks have been reduced to a mere fraction of their original size. Of the great whales, only the sperm and minke whales are still found in large numbers, but some stocks of even these species have been reduced to levels which cause concern.' For these reasons, and also because of gaps in knowledge of the behaviour of whale populations and because of the unsatisfactory nature of the killing methods, the Government believed that there should be a moratorium on commercial whaling 'to allow a thorough reassessment of whale numbers and their biology. . . . Resumption of whaling should only be reconsidered if evidence of recovery of stocks and improvements in the methods of killing justifies it.'

British Comments on Commission's Decisions

Commenting on 14 July on the outcome of the Commission's meeting, Mr Buchanan-Smith welcomed the fact that 'some 7,000 sperm whales will not be killed which otherwise would have been', the approval of the Indian Ocean sanctuary, and the decision to study less cruel methods of catching.

However, the Minister of State was 'very disappointed' that the ban on the commercial exploitation of sperm whales was limited to factory ships and that minke whales were excluded. Britain would not relax its efforts for more effective conservation. The outcome of the meeting made more urgent the Government's action to ban imports of sperm whale oil. Britain had already taken the first steps in the European Community, and, if these were unsuccessful, was ready to act on its own.

Shorter Notes

RELAXATION OF EXCHANGE CONTROLS

A further relaxation of exchange controls was announced by the Chancellor of the Exchequer, Sir Geoffrey Howe, in a written parliamentary answer on 18 July (*Hansard*, 19.7.79, cols 719-20).

The Chancellor recalled his intention, announced in his Budget statement of 12 June (see pp 191-7), to take further steps, as circumstances allowed, in the progressive dismantling of exchange control. He had now decided to allow complete freedom of choice in the financing of outward direct investment and to take three significant steps towards liberalising outward portfolio investment. All changes were to be effective from 19 July.

First, the Chancellor explained that official exchange (that is foreign exchange bought at the current market rate) would be available without limit for all outward direct investments. Also, borrowing in foreign currency made at any time to finance such investments would be eligible for repayment with official exchange. As regards portfolio investment, official exchange would be available for investment by British residents in most securities denominated and payable solely in the currencies of other member countries of the European Community.

Secondly, official exchange would also be available for investment in foreign currency securities issued by international organisations of which Britain is a member, including the institutions of the European Community and the World Bank. One of the consequences would be that the proceeds from the sale of existing and new holdings of such securities, however acquired, would no longer be eligible for sale in the investment currency market [in which the purchase of foreign exchange is normally subject to a premium, recoverable upon sale].

Thirdly, borrowing in foreign currency by British residents to finance outward portfolio investment would, provided it had been outstanding for at least one year, be repayable with official exchange.

In addition to the changes announced in the written answer, a relatively minor change affecting outward portfolio investment has been made, also effective from 19 July. British residents who hold foreign currency securities, classified as 'restricted securities' (the proceeds from the sale of which had hitherto to be surrendered for sterling at the official rate) are now permitted to reinvest the proceeds of sale in any other foreign currency securities.

STERLING DEPOSIT MARKET

The Bank of England issued, on 31 July, a code of conduct for transactions in the sterling deposit market (which covers dealings in sterling deposits, including certificates of deposit[1]). Four days previously a Sterling Brokers' Association had been formed. Both initiatives were the result of proposals accepted in November 1976 by the Governor of the Bank and the Chairman of the Committee of London Clearing Bankers.

The code of conduct is based on extensive discussions between the Bank, brokers, banks and other principals (buyers and sellers) in the sterling deposit market. The Bank considers that observance of the code will be to the advantage of all participants. The six areas covered are: confidentiality; rules of conduct; standards; disputes; market terminology and definitions; and general rules.

The code stresses the importance of confidentiality for the preservation of a reputable and efficient market and absolutely forbids the exchange of confidential information in respect of third parties. With regard to certificates of deposit, the name of a borrower should be disclosed only when the broker has ascertained that the potential lender or buyer seriously intends to do business.

The rules of conduct prohibit, among other things, offers or inducements to dealing personnel of a principal. They also circumscribe the conditions under which gifts or favours may be made and specify that both brokers and principals should ensure that business entertainment does not exceed reasonable limits.

In the provisions on standards it is laid down that brokers should be responsible for ensuring that their customers understand fully the limitations of brokers' responsibilities. They should also be responsible for ensuring that all their principals understand the need to conform to the code of conduct and market practice and carry out adequate training of staff. Similarly, the management of principals should exercise full control over the activities of their dealers, ensuring their adherence to the code and other guidelines that the Bank may issue in future.

It is specified that all unresolved disputes between brokers and principals concerning application of the code or of market practice may, if both parties agree, be referred for final arbitration to the Joint Standing Committee shortly to be established. The committee, representing brokers and principals and chaired by the Bank, will monitor observance of the code and advise on any amendments or additions that may become necessary.

The code points out that the use of generally accepted concise terminology should reduce misunderstandings and frustration. Accordingly, three schedules, dealing with terminology and certain technical aspects of practice, are appended to the code.

In general terms, the importance of adherence to the spirit as well as the letter of the code is stressed. Participants in the sterling markets should also ensure that all directors, partners, employees and any other parties act in a manner in keeping with the maintenance of the high reputation of the London money market.

Any firm offering a regular and significant broking service may apply to join the new Sterling Brokers' Association. An undertaking to observe the code of conduct will be a condition of membership. Principals will not, however, have to confine their dealings to brokers who belong to the Association.

[1]Issued in large denominations by banks in return for fixed-interest deposits. They may be transferred before maturity in a secondary market.

REPORTS OF THE STANDING COMMISSION ON PAY COMPARABILITY

The first two reports of the Standing Commission on Pay Comparability,[1] chaired by Professor Hugh Clegg, were published on 1 August. The cases studied were referred to the Commission by the last Government which undertook, with the parties to the references, to accept the recommendations for rates of pay which the Commission was asked to make for these groups (see pp 31-2 and 62).

The present Government has undertaken to honour this commitment and the rates of pay recommended will be implemented on the agreed dates. It has, however, made it clear that it will be necessary to consider reductions in public expenditure to offset the cost of implementing these awards.

The study for Report No 1, on local authority and university manual workers, ancillary staffs in the National Health Service and ambulancemen, was carried out on the basis of written and oral evidence, visits and up-to-date information on the earnings of the groups. Written evidence was invited only from the negotiating parties concerned but unprompted submissions were also received from other sources, including the Confederation of British Industry. As to oral evidence, each of the parties included in the reference was heard separately and in private. Visits were made to a number of local authorities, universities, hospitals and ambulance services. Information on current earnings of the groups was obtained from surveys, the results of which are to be published later in a statistical appendix.

The method of approach was by comparability studies. The Commission took the view that the best that could be done in the limited time available (less than five months) was to select a few benchmark jobs broadly representative of the structure in each reference group and arrange for analysis to be carried out by the Civil Service Pay Research Unit (PRU) or consultants. Analysis was by means of job-for-job comparison (whereby

[1]*Standing Commission on Pay Comparability. Report No 1: Local Authority and University Manual Workers; NHS Ancillary Staffs; and Ambulancemen.* Cmnd 7641. HMSO, £2·25. ISBN 0 10 176410 3.
Report No 2: University Technicians. Cmnd 7640. HMSO, £1·25. ISBN 0 10 176400 6.

whole jobs in one negotiating group are compared with the same jobs in another group) or, where this was not practicable, by means of factor analysis (whereby jobs are examined in terms of a number of significant factors common to all the jobs under review so that even dissimilar jobs can be compared).

For local authority manual workers the Commission recommended increases in basic weekly rates of pay of 3·8 per cent for the lowest group, increasing to 16·7 per cent for the highest group. The resulting weekly rates would be £48·66 and £61·58, respectively. Very similar figures applied to National Health Service ancillary workers, with the exception that the much larger number of groups meant that the highest recommended weekly rate would be £67·18. For university manual workers the recommended increases were 2·7 per cent for the lowest group and 15·3 per cent for the highest; new rates would be the same as for local authority manual workers. Finally, the recommended increases for ambulancemen were 12·8 per cent for the lowest grade and 25·8 per cent for the highest, leading to new basic weekly rates of £57·96 and £75, respectively. (In all comparisons between current and recommended rates the £1 per week already awarded on account has been included in current rates.) Recommended increases are to be paid in two equal parts, with effect from 1 August 1979 and 1 April 1980.

With regard to university technicians, the approach suggested by the Government, and accepted by the parties involved as well as the Commission, was for a survey to be conducted by the Social Science Research Council's Industrial Relations Research Unit (IRRU), based at Warwick University. This was to be broadly similar to one that the IRRU had conducted in 1975 to provide comparative information on the pay of university technicians and other technicians. The survey was accordingly carried out, subject to certain technical modifications suggested by the PRU.

The Commission had reservations about two aspects of the survey. These were its reliance upon a comparison of job descriptions and the bias in response towards the private sector. The response from the public sector was poor, with the result that findings were based predominantly on the response from the private sector. The Commission concluded that, while the results did not provide the basis for a full comparative assessment of the appropriate levels of pay for university technicians, they did offer a good indication of the minimum increase which was likely to emerge from a full comparison. At this stage, therefore, the Commission proposed an interim increase in weekly pay of 13 per cent (rounded up to the nearest pound) at all levels, to be paid in two equal parts, with effect from 1 August 1979 and 1 April 1980. This was the minimum justifiable figure indicated by the survey. The Commission also proposed to set in motion forthwith a further inquiry making use of appropriate technical assistance. This would rely not on the matching of job descriptions but on observation of the jobs of university technicians and an appropriate sample of other jobs in both the public and private sectors.

NATIONAL ENTERPRISE BOARD

In the House of Commons on 19 July the Secretary of State for Industry, Sir Keith Joseph, announced the Government's policy towards the National Enterprise Board (NEB) (*Hansard*, cols 2005-7). As stated in the Queen's speech (see p 118) the role of the NEB is to be restricted. In his statement Sir Keith said '[The Government] favour the encouragement of private initiatives and enterprise not the promotion of public ownership'.

Sir Keith recognised, however, that it would take time to 'restore the full vitality of the private sector'. In the meantime the NEB would have 'a continuing role for those companies which have been in difficulties and for which it now has a responsibility, so long as the business concerned has a prospect of viability and no solution based on the private sector is available'. If other cases arose where the private sector was unable to provide a solution to a company's difficulties, 'receivership will normally be the right course', he said. 'In a wholly exceptional case, circumstances could arise in which the NEB might – but only on the Government's initiative – provide temporary and tapering support, with the aim of restoring the company to health as quickly as possible'.

Given that the NEB had this role, Sir Keith said consideration had been given to whether it could undertake any other activities consistent with the Government's policies. The Government saw 'no public benefit in enabling the NEB to act as a general merchant bank, and its powers to promote businesses, or buy shares in them, would be restricted within very clearly defined limits'. The Government's policy was that 'the greater part of the NEB portfolio should be sold as circumstances permit, having regard to the interests of the taxpayer and the companies'. Sir Keith stated that the Government looked to the NEB to make disposals to the value of £100 million in the current financial year, as foreshadowed in the Budget statement. It was not felt to be in the public interest, or in the interest of the companies concerned, to identify them at present or specify the timing of their disposal by the NEB. The NEB would also be required to 'make a substantial reduction in its expenditure in the current year and in the following years'.

However, Sir Keith excluded those investments the NEB had made in about a dozen newly established high technology companies, chiefly concerned with computer software, microelectronics and their applications, which were believed to justify special attention. 'The market has been discouraged in recent years from supporting such ventures,' he said; 'time will, anyway, be needed for those companies to evolve before the NEB can sell them.' In the light of this, it seemed sensible to use the NEB as one means of familiarising the market with new technologies.

In conclusion Sir Keith said that the Government was also much concerned with the areas of high unemployment. One element of regional policy was that the 'NEB should continue to exercise an industrial investment role in the North and North-West and with small firms, seeking always to maximise private investment and with the objective of transfer of full ownership to the private

sector as soon as possible'. The NEB's regional role would be very similar to the industrial investment activities of the Scottish, Welsh and Northern Ireland Development Agencies.

The Government proposed to introduce a Bill as soon as possible to reduce the financial limits laid down by the 1979 Industry Act (the NEB's borrowing limits – see p 38) and amend the powers of the NEB set out in the 1975 Industry Act (see pp 104-5 1975). New guidelines setting clear objectives for the NEB would also be drawn up and, Sir Keith added, 'Within that framework the NEB will have my full support.'

REGIONAL ECONOMIC PLANNING COUNCILS

Mr Michael Heseltine, Secretary of State for the Environment, has announced that the eight regional economic planning councils for England will cease to exist from 1 September. This follows an earlier announcement, made in the House of Commons during a debate on regional policy[1] on 24 July (*Hansard*, cols 373-4), that the councils would be disbanded during the summer recess. The councils are not statutory and have advisory functions only, with no executive responsibility. The regional planning boards of officials will continue in being under the chairmanship of Department of the Environment regional directors, and in addition to their close working relationship with local authorities will maintain all other appropriate advisory contacts in the regions. The regional economic planning councils for Scotland, Wales and Northern Ireland are not affected by the proposals.

ENERGY COMMISSION

The Government's decision to disband the Energy Commission, established in 1977 to advise on major issues of energy policy (see pp 272-3, 1977), was announced by the Secretary of State for Energy, Mr David Howell, in the House of Commons on 26 July (*Hansard*, written answers, cols 358-9). This followed a review of the Commission's role in the context of the Government's examination of public and advisory bodies. Mr Howell said that, while he intended to consult widely in the formulation of energy strategy and on energy matters in general, he did not believe that the Commission was the most effective means of achieving this consultation and he had therefore decided that it should be disbanded. However, the Department of Energy's policy of providing background and policy papers would continue and he would consult directly as necessary with those concerned. In addition, there would in future be closer involvement by Parliament in energy matters through the new Select Committee (see p 176) which he hoped would 'play an important part in the development of energy strategy and in discussion of energy issues generally'.

[1]A summary of this debate, together with details of changes in the Government's regional policy which were also announced in July, will be given in a future issue of *Survey of Current Affairs*.

ENERGY POLICY FOR NORTHERN IRELAND

In a statement on 23 July on energy policy for Northern Ireland, Mr Giles Shaw, Parliamentary Under-Secretary of State at the Northern Ireland Office, said that the Government had concluded that the most important aspect of an energy strategy for Northern Ireland was 'the need to maintain security of supply'. Against a background of no indigenous fuel resources in Northern Ireland, the pattern of fuel usage which had developed involved an emphasis on oil and oil-based products; for example, some 80 per cent of electricity generating capacity was oil-fired. Electricity was essential to modern society and 'security of the Northern Ireland electricity supply should have first priority'. The Government would seek to ensure that the Northern Ireland Electricity Service (NIES) received adequate supplies of oil for electricity generation, and oil stocks would be increased. The NIES would be encouraged to consider and keep under close review the possibilities for fuel diversification. An important part of the Government's strategy would be to seek the restoration of the electricity link (at present out of action through terrorist activity) with the Irish Republic, while the NIES would be encouraged to continue as a matter of urgency with its detailed technical and cost studies of a link with the electricity supply network in Great Britain.

Mr Shaw said that natural gas could not be provided in Northern Ireland (by being brought by pipeline from Great Britain) without large-scale support from public funds and the Government had concluded that expenditure of this order could not be justified. Accordingly, the outlook for the gas industry in Northern Ireland – nine local authority undertakings and four private sector companies producing gas from oil-based feedstocks – was not good. The Government did not believe that substantial support from public funds for these undertakings could be justified on a continuing basis, but was prepared in principle to assist the orderly running down of undertakings which could not continue unaided. In the light of discussions to be held by the Department of

Commerce with the gas industry, detailed proposals would be formulated, taking into account the implications for employment and the problems of gas consumers. Meanwhile, arrangements would be made to meet the deficits incurred by gas undertakings in 1978-79, estimated to be more than £4 million.

PLANNED IMPROVEMENTS IN PETROL CONSUMPTION OF NEW CARS

British vehicle manufacturers have agreed to adopt a voluntary scheme to improve the petrol consumption of new cars by 10 per cent by 1985. This followed a report[1] by a working group, comprising representatives of Government, the motor industry and the oil industry, which investigated the feasibility of setting progressive targets for raising the average number of miles per gallon achieved by new cars and methods of achieving these targets. The scheme was adopted by the Society of Motor Manufacturers and Traders (SMMT – the trade association for the industry) on 27 June and was welcomed by the Secretary of State for Energy, Mr David Howell, who described it as 'an important first step towards the substantially greater vehicle fuel economy which is essential in helping to restrain our demands for oil'. Progress towards the target will be monitored annually by the SMMT and the Department of Energy; the starting date against which improvements will be determined is October 1978.

CODE OF PRACTICE ON VEHICLE SAFETY DEFECTS

Details of a new voluntary Code of Practice on Vehicle Safety Defects were given by the Minister of Transport, Mr Norman Fowler, in the House of Commons on 10 July. Mr Fowler said that, following recent public concern about the arrangements for dealing with defective vehicles, he had agreed a code of practice with the Society of Motor Manufacturers and Traders setting out the steps to be taken in all cases where there was evidence of vehicle defects resulting from faults in manufacture and which seemed to have wider safety implications. The code's four main elements were the notification to the Minister of Transport by a manufacturer as soon as it had concluded that a particular make of vehicle on sale in Britain had a serious safety defect, the steps that manufacturers should take to notify owners when launching recall campaigns, the Minister of Transport's right to publish information about defects when he believed this to be necessary in the public interest, and the regular publication of a digest of cases on which action had been taken. Mr Fowler said that he would make available the facilities of the Driver and Vehicle Licensing Centre to help in contacting owners. Motorcycles, trailers and caravans were not covered by the code nor were components supplied as replacements, but he would consider with the representative bodies concerned the possibility of similar codes. Mr Fowler said that he hoped the new voluntary code would 'give the public much greater protection in future', but he would 'keep the new arrangements under very close scrutiny'.

RADIOACTIVE WASTE DISPOSAL

The Government's views on research into the disposal of high-level radioactive waste were set out by the Secretary of State for the Environment, Mr Michael Heseltine, in the House of Commons on 24 July (*Hansard*, written answers, cols 215-19). Mr Heseltine said that the long-term aim was to identify safe disposal routes for those wastes which could not be disposed of at present and had to be stored. Research on vitrifying the waste in glass blocks, one of the major options for treating high-level waste for safe disposal, was well advanced in Britain and a plant to manufacture these blocks should be in operation by about 1990. The blocks would probably need to be stored for some years, but after cooling they would be suitable for ultimate disposal. Three possible methods of disposal were under consideration: on the bed of the deep ocean, into stable geological formations on land, or under the ocean bed. The Government was undertaking a comprehensive research programme into each option and the work so far indicated that a safe disposal route could be identified, but at this stage there was no commitment to a particular method. The aim was to have a demonstration facility in operation in the 1990s with a view to bringing an actual disposal facility into operation early in the twenty-first century. Research and exchanges of information were co-ordinated internationally through the International Atomic Energy Agency, the Nuclear Energy Agency of the Organisation for Economic Co-operation and Development, and the European Community, and Britain was playing a full part in these activities. Research had been directed mainly towards determining the feasibility of disposal deep below the land surface, but there were signs of increasing international interest in the possibility of ocean disposal, and Britain was expanding research on assessing the sea-bed options.

Mr Heseltine said that the British research

[1] *Interim Report of the Working Group on Fuel Consumption Targets.* Available from The Library, Department of Energy, Thames House South, Millbank, London SW1P 4QJ.

programme on the feasibility of disposal in land formations was well under way. Desk studies by the Institute of Geological Sciences indicated that potentially suitable rocks were found under about 16 per cent of Britain's land area. Specific areas had been identified for research purposes (various rocks in parts of Cheshire, Cumbria, Grampian, Gwynedd/Powys, Hereford/Worcester, Highland, Leicestershire/Nottinghamshire, Northumberland, Somerset, Strathclyde and the Western Isles) so that information could be collected about a wide range of rocks. The next step was a programme of geological research involving test drillings to examine fully the characteristics of different geological formations and the United Kingdom Atomic Energy Authority had already made four planning applications to carry out preliminary investigations. The programme had been concentrated initially on areas containing hard crystalline rock, but it was intended that the next group of planning applications for drilling test boreholes would also include areas of clay or salt or both.

POST OFFICE

All the three main Post Office businesses – telecommunications, posts and National Girobank – operated profitably in 1978-79 and more than met the financial targets set by the Government, according to the Post Office's annual report and accounts, published on 25 July.[1] In 1978-79 the Post Office's income was £4,619 million; it recorded a profit of £375·1 million, 2 per cent more than in the previous year, and invested £1,032 million (all from internally generated funds). There were profits of £347·1 million on telecommunications, £33·1 million on posts and £4·6 million on National Girobank, although a loss of £9·7 million was recorded on postal orders. The telecommunications business experienced another record year for growth, as a result of marketing effort and a price structure which had not been significantly altered since October 1975. Local telephone calls rose by 10 per cent to 16,100 million, trunk calls by 12 per cent to 3,022 million and international calls by 22 per cent to 184 million. By March 1979 there were 25 million telephones and 16·4 million exchange connections in Britain, 8 and 9 per cent more respectively than a year earlier. Good progress was made in modernising equipment and in introducing new telecommunications services, such as the Prestel viewdata service (see pp 124-5) and the International Packet Switching Service, a public data transmission service, which was opened between Britain and the United States and was the first of its type outside North America. By March 1979 over 1,000 electronic exchanges were in service and a further 135 were being installed, while orders were placed for the first of a new generation of electronic telephone exchange switching equipment, known as System X. A joint company has been set up by the Post Office and three manufacturers to promote exports of System X equipment. Continued growth in letter and parcel traffic was recorded and the number of inland letters handled in 1978-79 (9,338 million) was 5·6 per cent more than in 1977-78, the highest rate of growth since 1959-60, while the parcel service became profitable after ten successive years of losses. National Girobank achieved record profits, expanded some services and introduced three important new services: deposit accounts, budget accounts and bridging loans. In 1978-79 it handled 260 million transactions and by March 1979 it had 670,000 accounts.

[1] *Post Office. Report and Accounts 1978-79.* HMSO, £2·25. ISBN 0 11 886012 7.

AGRICULTURAL AND HORTICULTURAL MARKETING

The Minister of Agriculture, Fisheries and Food, Mr Peter Walker, has invited five people to provide advice on agricultural and horticultural marketing.

Speaking at a press conference in London on 30 July, Mr Walker said that he had decided not to proceed with the previous Government's proposal to appoint a committee of inquiry into the marketing of agricultural produce (see p 68). He had invited 'five people from diverse backgrounds, not exclusively in the food or farming industries, but people with lively minds who will be totally free to question and to advise over the whole range of marketing problems. They will not work as a committee, but as individuals. They will have no terms of reference other than to provide advice to all concerned in marketing with a view to obtaining a creative interplay and fresh perspectives.'

The Minister would regularly meet all five and they would have access to ministers and officials whenever they wished. 'They will be working to no timetable, they will have no agenda, and the objective will be to secure quick action in response to suggestions that they make which we consider to be beneficial to improving . . . marketing in Britain', said Mr Walker.

The present interests of the five people include farming, agricultural co-operation and marketing, food industry, food retail trade, advertising and market research.

ANIMAL WELFARE

The Government has decided to appoint a Farm Animal Welfare Council and to reconstitute an existing body which is being renamed the Advisory Committee on Animal Experiments. In announcing this decision in the House of Commons on 25 July (*Hansard*, written answers, cols 295–8), the Minister of Agriculture, Fisheries and Food, Mr Peter Walker, said that its purpose was 'to increase [the Government's] impact on matters concerning the welfare of animals'.

The Farm Animal Welfare Council's terms of reference will be to keep under review the welfare of farm animals on agricultural land, at markets and in transit, and to advise the ministers responsible for agriculture (the Minister of Agriculture, and the Secretaries of State for Scotland and Wales) of any legislative or other changes that may be necessary.

Mr Walker said that the Government had also decided to introduce added legal safeguards for animals being exported and to update some of the legislation for the protection of farm animals. It intended 'to press vigorously' for the introduction of a European Community requirement – applicable in each country as well as in intra-Community trade – that no journey of farm animals to the slaughterhouse should last more than 12 hours. British legislation would be amended to prohibit the export of farm animals that had given birth in the previous 48 hours. The Government also intended to see that the new Council would carry out a revision of the welfare codes, which should reflect advances of knowledge since the 1965 Brambell report[1] (on which the present codes are based).

The Minister said that the Government was pledged to bring up to date legislation on experiments on live animals. In consultation both with the animal welfare organisations and with research and professional interests, it was playing a full part in the current preparation of a Council of Europe convention on the protection of laboratory animals, and intended that British legislation should take account of the provisions of the convention in due course. Meanwhile, the existing Advisory Committee on the Administration of the Cruelty to Animals Act 1876[1] was being reconstituted and renamed the Advisory Committee on Animal Experiments. Its terms of reference would be to consider such matters arising out of the administration of the Act as may be referred to it by the Home Secretary, including in particular specific proposals for experiments, trends in experimental work, questions of policy, procedure or practice, and proposals for revision of the law. The Committee would be able to propose matters which might usefully be referred for its consideration. In its work, 'the Committee shall have regard on the one hand to the legitimate requirements of science and industry and on the other to the protection of animals against avoidable suffering'.

[1]*Report of the Technical Committee to Enquire into the Welfare of Animals kept under Intensive Livestock Husbandry Systems.* Cmnd 2836. HMSO, 1965.

[1]The object of this Act is to prevent cruelty in experiments on animals.

The National Health Service: Royal Commission's Report

Greater emphasis on the role of preventive medicine in the National Health Service (NHS), a review of national arrangements for negotiating pay and settling disputes, measures to simplify the administration of the service, and changes in internal financing methods are recommended by the Royal Commission on the National Health Service in its report published in July.[1]

The Commission's broad conclusion is that, while improvements need to be made in the NHS, there are many aspects of it of which Britain can justly be proud. However, social and geographical inequalities and variations in the provision of resources persist. Although the NHS by itself cannot overcome these problems, they must remain a cause for concern in areas in which the performance of the service can be improved. In spite of the problems of measuring efficiency in health care, the Commission is convinced that, apart from improvements which may be achieved through the use of more resources, the NHS can provide a better service by making better use of the resources now available to it. The NHS, says the Commission, compares favourably with health services overseas, and the Commission's recommendations are made in the hope that in the future the NHS can provide a still better service.

THE REPORT'S RECOMMENDATIONS

Some of the Commission's main recommendations are summarised below.

Services to Patients

Prevention and Health Education

The Commission concluded that a significant improvement in health could be achieved if greater emphasis were placed on the preventive role of the NHS. In this respect, it recommends the expansion of proven screening programmes (for example, the screening of certain pregnant women for foetal abnormalities). Water authorities should be compelled to fluoridate water supplies at the request of the health authorities, and legislation should be introduced to make the wearing of car seat belts compulsory.

The expansion of health education is proposed, with some of the increased resources being spent on developing more effective methods of assessing existing and new techniques. Education authorities should examine arrangements for health education in schools, and funds for the Health Education Council should be increased to allow more use to be made of television for providing information.

Primary Care Service

The Commission considered that the deputising services of general medical practitioners (GPs) should be brought under closer control and that the controls exercised by the medical practitioner committees on the appointment of GPs should be reviewed. Discussions between health departments and the medical profession on the feasibility of introducing a compulsory retirement age for GPs should be undertaken, and panels should be set up to provide external assessors for each new appointment of a principal in general practice.

More ought to be done to improve the training and continuing education of GPs; better training is needed for medical receptionists; and improvement in the standard of many GPs' surgeries is required. The report also recommends, in the interests of effectiveness and economy, that health departments should provide a limited list of approved drugs for GPs to prescribe.

On the subject of health centres, the Commission recommends that health departments should consider measures to assist the development as a priority of health centres to attract GPs to London and other inner city areas; and that, when establishing health centres in inner city and deprived areas, health authorities should experiment with salaried appointments and reduced sizes of lists of patients to attract doctors.

Hospital Services

The Commission advises health departments to encourage more research both on the acceptability of day admissions to patients, and on the benefits of such admissions to the NHS. It also suggests that hospitals should ensure that the availability

[1] *Report of the Royal Commission on the National Health Service.* Cmnd 7615. HMSO, £8. ISBN 0 10 176150 3. The final chapter of the report – the conclusions and recommendations of the Commission – is published separately as *A Service for Patients*, HMSO, £1·75. ISBN 0 11 730119 1. The Commission, chaired by Sir Alec Merrison, Vice-Chancellor of Bristol University, was set up in 1975. For its terms of reference, see p 449, 1975.

of amenity beds[1] is made known to patients when they are given a date for admission; and that wakening times for patients in hospitals should be reviewed. (In many hospitals patients are woken between 6.00 and 6.30 a.m.)

The recent policy of closing down mental illness hospitals and replacing them by psychiatric units in district general hospitals has, says the Commission, tended to leave the mental hospitals with the chronic and more difficult patients. In view, therefore, of the continuing need of most of the existing mental hospitals, the report recommends that health departments should state that they no longer expect health authorities to close mental hospitals unless they are very isolated, in very bad repair, or are obviously redundant due to major shifts of population. It also considers that the Government should find extra funds to permit a more rapid replacement of hospital buildings than has so far been possible.

The NHS and the Public

In the view of the Commission, community health councils [bodies which represent the views of the consumer] have made an important contribution towards ensuring that local public opinion is represented to health service management, and it feels that they need additional resources to enable them to inform the public more fully about local services and to allow them to act as the 'patient's friend' in complaints procedures.

The Commission considers that the contribution made by voluntary bodies and volunteers is of major benefit to the NHS, and recommends that more financial support and encouragement should be given to such effort.

The NHS and its Workers

General Manpower Matters

The Commission was in no doubt that industrial relations within the NHS were in need of improvement. It recommends that health departments and staff organisations and unions should give urgent attention to industrial relations training for both staff representatives and management, and that a procedure should be worked out for resolving national disputes about pay. The initiative for this, says the report, could best come from the Trades Union Congress (TUC), and the procedure must involve not only those bodies affiliated to the TUC, but also bodies representing the interests of other NHS workers. The report states that the NHS should assume the same responsibility as any other employer for the health and safety of its staff and should set up an occupational health service.

Nurses, Midwives and Health Workers

The Commission considered that the clinical role of the nursing officer should be developed and that the development of specialist knowledge and nursing skills both in the community and hospital should be encouraged.

[1]These are NHS beds in single rooms or small wards sometimes available at a set charge for patients who prefer privacy. They are not bookable and may have to be vacated if required for urgent medical reasons by another NHS patient.

Doctors

It would be a mistake, according to the report, to cut back the planned output of medical graduates from British universities at a time when there were shortages in some specialties and many places, and more doctors were likely to be needed in the future. Health departments should show more determination in enforcing their priorities in the specialties in which there was a shortage of medical staff, if necessary by blocking the expansion of other specialties, and should be more critically involved in the development of new specialties. The Government should make clear to overseas doctors who want to come to Britain what their prospects are likely to be, and measures should be adopted for the establishment on an experimental basis of a few postgraduate centres to provide medical education and training specifically geared to the needs of overseas countries.

Other Staff

The Commission recommends that staff in senior posts in the scientific and technical services should normally be science graduates; that experiments should be carried out in providing a regional scientific service for one or more laboratory specialties; and that the head of a laboratory should be the most able scientist available.

The NHS and Other Institutions

Local Authorities

Having looked at the important links between the services provided by the NHS and those provided by the local authorities (the most direct of which are with the personal social services), the report concludes that there should be no radical change in the responsibilities for either the health or the personal social services. Working relationships between health and local authorities would be greatly improved, says the report, if greater emphasis were placed on the education and continuing training of health and social work professionals on the importance of inter-professional collaboration.

The Universities and Research

The Commission proposes the establishment at national level of a formal structure to co-ordinate the policies of the health departments, the University Grants Committee and the universities. It also proposes the setting up of an independent inquiry to consider the special health service problems of London, including, among other factors, the administration of the postgraduate teaching hospitals, and the feasibility of adjusting the formula used for distributing resources determined by the Resource Allocation Working Party in order to take account of the high concentration of teaching hospitals in the capital.

The Commission considers that health departments should, as a matter of national policy, fund chairs or senior lectureships, or promote joint NHS/university appointments in fields chosen by the health departments as deserving priority. It feels that universities should experiment in different approaches to the selection of medical

students which take account of factors other than traditional academic criteria.

The report recommends the establishment of an Institute of Health Services Research to encourage systematic research into health care issues.

Private Practice

On the question of private practice, the Commission concludes that the private sector is clearly too small to make a significant impact on the NHS, 'except locally and temporarily'. It points out, however, that the private sector probably responds more directly to patients' demands for services than does the NHS, and so provides a useful pointer to areas in which the NHS is defective. One case cited is that of abortions, over half of which are undertaken privately. The Commission recommends that the health authorities in England, Scotland and Wales should set a target of undertaking about 75 per cent of all abortions performed on resident women in the next few years.

The report considers that charges for pay beds in NHS hospitals are too low and should be increased. It sees no objection to a significant expansion of the private sector provided that the interests of the NHS are adequately safeguarded. To ensure this, the Health Services Board[1] should be given the power to control the total number of beds in private hospitals and nursing homes in any locality where new private development is considered.

Management and Finance

Under the present system the Secretary of State for Social Services in England and the Secretaries of State for Scotland, Wales and Northern Ireland are responsible for all aspects of the health service in their respective countries. Within each of the four parts of the country the central government health departments are responsible for strategic planning. Below this, area health authorities or boards are responsible for planning and operational control of all health services in their areas. In England, because of its greater size and population, there is an additional tier (immediately below the central government health department) of regional authorities responsible for regional planning. The lowest tier of administration, involved in the day-to-day running of services, is the health district, of which there are generally between one and six in each area.

Devolving Responsibility to Health Authorities

After examining the operation of the present system, the Commission concluded that the arrangements in England for accounting for NHS finances, under which the Secretary of State for Social Services is answerable to Parliament and his permanent secretary is personally accountable for expenditure, was quite inappropriate to an organisation of the size of the NHS. The best solution, it was felt, was to place formal responsibility, including direct accountability to Parliament, for the detailed working of the NHS in England with the regional health authorities themselves. The division of responsibility between the health authorities and the Department of Health and Social Security would need to be worked out, but in broad terms the Commission saw the former as accountable for the delivery of the service and the latter for national policies and functions. Regional officers would then appear before the Public Accounts Committee of the House of Commons to account for expenditure, and inquiries from Members of Parliament about local matters would be routed to and dealt with by regional health authorities.

The establishment of a select committee on the NHS to assist parliamentary control of the health service is proposed.

Health Authorities' Organisation

The report considers that in England regional health authorities should continue to be responsible principally for planning but that the structure below regional level in England, and elsewhere in Britain, below central government health department level, should be simplified. This would mean abolishing, in most instances, one of the two lower administrative tiers, thus leaving one management level only to operate health services and collaborate with local government. These would be formed in most cases from existing single-district areas, in other cases by merging existing districts or by dividing existing areas.

The other main structural change proposed is the abolition in England and Wales of separate family practitioner committees [the bodies which administer the contracts and terms of service of family doctors, dentists, opticians and pharmacists], their functions to be assumed instead by health authorities as they are elsewhere in Britain.

Finances

Recommendations on finance include the gradual but complete abolition of prescription and other charges, and the setting up of a feasibility study of a common budget for the family practitioner and hospital and community services. The Commission recommends health departments to carry out the research necessary for improving the formula for the allocation of resources within the NHS and considers that an explicit formula be adopted for distributing funds to the NHS in the four parts of the country.

The Commission considers that existing arrangements for financing the NHS [almost 90 per cent of NHS finance is raised through general taxation] should be retained.

THE GOVERNMENT'S RESPONSE

In a statement in the House of Commons on 18 July on the publication of the report (*Hansard*, cols 1790-1), the Secretary of State for Social Services, Mr Patrick Jenkin, said that the Government would be putting forward proposals on the major issues of structure and management in the NHS in the autumn of 1979 and would be inviting comments on these proposals from the interests concerned. The Government considered that early progress was essential to simplify the structure of

[1]These comments were made before the Government announced its intention in May 1979 of abolishing the Health Services Board.

the NHS and to devolve management authority to the lowest effective level.

On the question of private practice, Mr Jenkin pointed out that the Commission saw no objection to a significant expansion of the private sector, providing that the interests of the NHS were adequately safeguarded. Nor did it consider the presence or absence of pay beds in NHS hospitals to be significant at present from the point of view of the efficient functioning of the health service. The Secretary of State said that it was the Government's policy to welcome the contribution that independent medicine could make to the health care of the nation. A number of the Commission's more detailed recommendations would be studied by the health departments through the ordinary machinery.

[For background information on the NHS, see COI reference pamphlet *Health Services in Britain*, R5154/77, and COI fact sheet *Health Services*, FSB/C2/77.]

Shorter Notes

CRIMINAL INJURIES COMPENSATION SCHEME

The Criminal Injuries Compensation Scheme, which provides *ex gratia* compensation to victims of violent crimes and to people hurt as a result of attempting to arrest offenders and prevent offences, has been extended to include victims of violence within the family. The extension of the scheme, which will come into force on 1 October, will give effect to nearly all the recommendations of an official working party which reported in 1978.[1] The scheme has previously excluded victims who were living in the same family as the offender, partly because of the difficulties of establishing the facts of such cases and partly because of the risk of the offender's benefiting from any award. Certain safeguards against these difficulties have been introduced and the extension of the scheme will be on an experimental basis initially so that an assessment of the safeguards can be made before attempting to include them in legislation.

In addition, the limit on the amount of earnings which may be taken into account by the scheme when assessing compensation for loss of earnings has been raised.

Since its introduction in 1964 the scheme has paid over £50·5 million in compensation to victims of crime.

The new arrangements apply to England, Scotland and Wales; separate statutory arrangements are in force in Northern Ireland.

CAPITAL PUNISHMENT

The House of Commons has rejected the principle of reintroducing capital punishment for murder. After a one-day debate on 19 July MPs voted by a large majority (362 votes to 243, a majority of 119) against a motion introduced by the Conservative MP for Bury St Edmunds, Mr Eldon Griffiths, to make the sentence of capital punishment available again to the courts (*Hansard*, cols 2019-126).

Capital punishment for murder was abolished in England, Scotland and Wales in 1965, and in Northern Ireland in 1973. The question of its reintroduction was last debated in the House of Commons in 1975 when MPs voted against restoration by a majority of 129.

The death penalty has not been carried out in Britain since 1964.

[1] *Review of the Criminal Injuries Compensation Scheme: Report of an Interdepartmental Working Party*. HMSO, £2. ISBN 0 11 340144 2.

DOCUMENTATION

Government and Administration

The Crown Estate. Report of the Commissioners for the year ended 31 March 1979. HMSO, £1·50. ISBN 0 11 700953 9.

The BBC Guide to Parliament. Contains accounts of the Palace of Westminster, the working of Parliament and parliamentary broadcasting; lists Members of Parliament alphabetically with brief biographical details; gives the votes and seats gained by political parties in the 1979 general election; and lists results by constituency. Published by the British Broadcasting Corporation in association with *The House Magazine.* £4·50. ISBN 0 563 17748 9.

External Affairs and Defence

Agreement on Economic Co-operation between . . . the United Kingdom . . . and . . . China. Cmnd 7594. HMSO, 25p. ISBN 0 10 175940 1.

Convention on Future Multilateral Co-operation in the Northwest Atlantic Fisheries. The Convention, signed by the European Community, Denmark (in respect of the Faroe Islands) and 11 non-Community countries, established the Northwest Atlantic Fisheries Organisation whose object is to contribute through consultation and co-operation to the optimum utilisation, rational management and conservation of the fishery resources in a specified area of the north-west Atlantic. Cmnd 7569. HMSO, 50p. ISBN 0 10 175690 9.

International Convention for the Protection of New Varieties of Plants . . . as revised [in 1972 and 1978]. The purpose of the Convention is to recognise and protect the rights of breeders of new varieties of plants. Cmnd 7571. HMSO, 50p. ISBN 0 10 175710 7.

Reciprocal Fisheries Agreement Between . . . the United Kingdom . . . and . . . the United States of America. The Agreement allows and regulates fishing by vessels of the British Virgin Islands and of the United States in each other's exclusive fishery zones. Cmnd 7602. HMSO, 20p. ISBN 0 10 176020 5.

Report of the Commonwealth Secretary-General 1979. The report covers developments in the Commonwealth from April 1977 to May 1979. Commonwealth Secretariat, Marlborough House, London.

Economic and Scientific Affairs

National Economic Development Council. Annual Report 1978-79. Available from NEDO Books, Steel House, Tothill Street, London SW1H 9LJ. ISBN 0 7292 0328 X.

Vehicle Excise Duty on Heavy Goods Vehicles. A consultation document setting out the Government's proposals for restructuring vehicle excise duty on heavy goods vehicles. They would be taxed according to their gross weight and the number of axles instead of the present basis of unladen weight, and the tax burden of the different classes of goods vehicles would then be related more closely to the road costs they imposed. Available from Room N9/05A, Department of Transport, 2 Marsham Street, London SW1P 3EB.

Bank of England. Report and accounts for the year ended 28 February 1979. Available from the Bank of England, Threadneedle Street, London EC2R 8AH.

Supplementary Special Deposits Scheme. The Bank of England announced on 27 July that, with the approval of the Chancellor of the Exchequer, it had decided that the recall of special deposits amounting to ½ per cent of eligible liabilities payable on 3 August should now be payable on 10 September. Bank of England press notice, 27.7.79.

Registry of Friendly Societies. Report of the Chief Registrar of Friendly Societies for the year 1978. Part 2. Building Societies. HMSO, £2. ISBN 0 11 600225 5.

Money for Exports. This guide to export finance has been prepared by the Overseas Department of the Bank of England as a companion to *Money for Business* (see p 269, 1978) and is intended to provide a comprehensive introduction to the many credit insurance and finance facilities provided by the public and private sectors to British exporters. Copies available from the Bank of England, Econ-

omic Intelligence Department, Threadneedle Street, London EC2R 8AH. Also from the Bank's branches and from its agency at 24 St Vincent Place, Glasgow G1 2HF, £1·25. ISBN 0 903312 16 6.

Committee on Invisible Exports. Annual Report 1978-79. The report shows that Britain's total invisible receipts in 1977 (the latest year for which a complete analysis is available) amounted to $26,394 million, equal to 8·8 per cent of the world total. Only the United States and the Federal Republic of Germany had higher receipts. Britain's net invisible receipts of $5,251 million were exceeded only by the United States. Available free from the Committee on Invisible Exports, 7th Floor, The Stock Exchange, London EC2N 1HP.

A History of ECGD 1919-1979. This history, produced to mark the sixtieth anniversary of the Export Credits Guarantee Department, traces the development of ECGD from its inception to its present position as the longest established official export credit insurance organisation in the world. Available free from ECGD, PO Box 272, Aldermanbury House, Aldermanbury, London EC2P 2EL.

Manpower Services Commission. Annual Report 1978-79. Available from the Commission at Selkirk House, 166 High Holborn, London WC1V 6PF.

Manpower Services Commission: Special Programmes Division. Review of the first year of Special Programmes. The report covers the first year, to March 1979, of the Youth Opportunities Programme (YOP) and the Special Temporary Employment Programme (STEP), and looks at future developments. Last year YOP helped over 162,000 young people without jobs, and will this year be expanded to help an estimated 210,000 young people. By the end of March 1979 STEP had achieved a level of 12,000-14,000 filled places and this is expected to be maintained in the current year, even though the programme has now been restricted to Special Development Areas, Development Areas and designated Inner City Areas. Available from the Commission at Selkirk House, 166 High Holborn, London WC1V 6PF.

Manpower Services Commission. Training Services Agency. Evaluation of Wider Opportunities for Women (WOW) Courses: Final Report. By Jill Fairbairns. The report shows that recent experimental WOW courses for women who want to return to work after lengthy spells of domestic life have been highly successful. As a result, further courses are planned from this autumn. Available from the Commission at Selkirk House, 166 High Holborn, London WC1V 6PF.

Certification Office for Trade Unions and Employers' Associations. Annual Report of the Certification Officer 1978. Available from the Certification Office at Vincent House Annexe, Hide Place, London SW1P 4NG.

Standing Commission on Pay Comparability (Chairman: Professor H. A. Clegg – see p 242). Report No 1: Local Authority and University Manual Workers; NHS Ancillary Staffs; and Ambulancemen. Cmnd 7641. HMSO, £2·25. ISBN 0 10 176410 3.
Report No 2: University Technicians. Cmnd 7640. HMSO, £1·25. ISBN 0 10 176400 6.

Distribution of Income and Wealth. Royal Commission on the Distribution of Income and Wealth. Report No 7: Fourth Report on the Standing Reference. Cmnd 7595. HMSO, £4·50. ISBN 0 10 175950 9.
Background Paper No 7, The Distribution of Wealth in Ten Countries. HMSO, £1·75. ISBN 0 11 730117 5. (See pp 462-6, 1977.)

Consumer Credit Survey 1977. This survey was commissioned by the Office of Fair Trading (OFT). The OFT will use it to measure the effects of major provisions of the Consumer Credit Act 1974 which have yet to come into force, especially the 'truth in lending' provisions which should enable customers to compare the true cost of credit offers. The survey also documents changes in the credit market since 1969, when a consumer survey was carried out for the Crowther Committee. The present survey was therefore designed to follow closely the lines of its predecessor. Available from the Registry, OFT, Field House, Bream's Buildings, London EC4A 1PR, £40.

The Law Commission (Law Com No 95). Implied Terms in Contracts for the Supply of Goods. This report is concerned with implied terms in contracts for the supply of goods other than by sale or hire purchase. There is currently some uncertainty about the legal rights of a customer who enters into a contract for the supply of goods through hire, exchange, barter, or for a combination of work and materials. The Law Commission recommends that the customer's rights should be the same whether the contract is one of sale, hire purchase, hire, exchange, or for work and materials. It also recommends that these rights should be laid down clearly by statute. HMSO, £2·50. ISBN 0 10 214280 7.

British Shipbuilders. Report and Accounts 1978-79 (see p 235). HMSO, £1·50. ISBN 0 11 982891 X.

British Film Fund Agency. Twenth-first Annual Report and Statement of Accounts for the fifty-two weeks ended 23 September 1978. HMSO, 50p. ISBN 0 10 218980 3.

Location of Offices Bureau. Annual Report 1978-79. Available from the Location of Offices Bureau, Lonsdale Chambers, 27 Chancery Lane, London WC2A 1NS, 35p.

English Tourist Board. Annual Report for the Year Ended 31 March 1979. Available from the English Tourist Board, 4 Grosvenor Gardens, London SW1W 0DU, 80p.

Tenth Report of the Scottish Tourist Board. Report for the year 1 April 1978-31 March 1979. Available from the Scottish Tourist Board, 23 Ravelston Terrace, Edinburgh EH4 3EU, £1·50.

Report of the Committee of Inquiry into the Acquisition and Occupancy of Agricultural Land. The Northfield Committee's remit was 'to examine recent trends in agricultural land acquisition and occupancy as they affect the structure of the agricultural industry . . .'. The inquiry covered England, Scotland and Wales. The report contains 127 conclusions and recommendations. In a written reply in the House of Commons on 9 July, the Minister of Agriculture, Mr Peter Walker, said that he and the Secretaries of State for Scotland and Wales would examine the report in consultation with the organisations most concerned, and the Chancellor of the Exchequer would be taking account of proposals relating to taxation in his study of capital taxation. (See p 194.) Cmnd 7599. HMSO, £6. ISBN 0 10 175990 8.

ADAS Annual Report 1978. Ministry of Agriculture, Fisheries and Food. This report of the Agricultural Development and Advisory Service illustrates some of the most noteworthy aspects of the work done in 1978. HMSO, £2·50. ISBN 0 11 240325 5.

Central Council for Agricultural and Horticultural Co-operation. Annual Report 1978-79. This report deals with the Council's administration of the Agricultural and Horticultural Co-operation Scheme 1971 (under which grants are paid for co-operative production and marketing) and with its other activities in the promotion and development of co-operation and marketing. Available from the Council, Market Towers, New Covent Garden Market, London SW8 5NQ.

White Fish Authority. Annual Report and Accounts 1978-9. The Authority's activities include market development and economic and technical research, as well as education, training and consultancy services for both British and overseas students and organisations. White Fish Authority, 75p. ISBN 0 903941 09 0.

Digest of United Kingdom Energy Statistics 1979. Department of Energy. HMSO, £6. ISBN 0 11 410756 4.

Interim Report of the Working Group on Fuel Consumption Targets (see p 245). Available from The Library, Department of Energy, Thames House South, Millbank, London SW1P 4QJ.

Development of the Oil and Gas Resources of the United Kingdom 1979 (see p 231). Department of Energy. HMSO, £2·75. ISBN 0 11 410758 0.

British Gas Corporation. Annual Report and Accounts 1978-79. BGC. HMSO, £1·50. ISBN 0 903545 26 8.

Central Electricity Generating Board. Annual Report and Accounts 1978-79. Available from the Press and Publicity Office, CEGB, Sudbury House, 15 Newgate Street, London EC1A 7AU, £2. ISBN 0 902543 58 X. Detailed statistics are given in *CEGB Statistical Yearbook 1978-79.* Available from the CEGB. ISBN 0 902543 59 8.

The Electricity Council. Annual Report 1978-79. Available from The Electricity Council, 30 Millbank, London SW1P 4RD. ISBN 0 85188 077 0.

The Electricity Council. Statement of Accounts and Statistics 1978-79. The Electricity Council. HMSO, £1·80. ISBN 0 85188 078 9.

Combined Heat and Electrical Power Generation in the United Kingdom. Report to the Secretary of State for Energy. Prepared by the Combined Heat and Power Group. Energy Paper Number 35. Department of Energy. HMSO, £3·75. ISBN 0 11 410761 0.

Heat Loads in British Cities. Report of the Heat Load Density Working Party of the Combined Heat and Power Group. Energy Paper Number 34. Department of Energy. HMSO, £2·75. ISBN 0 11 410760 2.

National Bus Company. Annual Report 1978. Available from the NBC, 25 New Street Square, London EC4A 3AP, £1. ISBN 0 902950 10 X.

British Airports Authority. Annual Report and Accounts 1978-79 (see p 235). Available from the BAA, 2 Buckingham Gate, London SW1E 6JL. ISBN 0 903460 21 1.

British Airways. Annual Report and Accounts 1978-79 (see p 235). British Airways Board. HMSO, £1·25. ISBN 0 900031 12 3.

Civil Aviation Authority. Annual Report and Accounts 1978-79. Available from the CAA, PO Box 41, Cheltenham, Gloucestershire, £2·50. ISBN 0 86039 090 X.

Post Office. Report and Accounts 1978-79 (see p 246). HMSO, £2·25. ISBN 0 11 886012 7.

Government Research and Development: A Guide to Sources of Information 1979. Compiled by the Cabinet Office. HMSO, £1. ISBN 0 11 630760 9.

Social and Cultural Affairs

Committee of Inquiry on the Police. Report III: The Structure and Role of Police Staff Associations. The Committee, formerly known as The Review Body on Police Negotiating Machinery, was appointed in 1977 to review the machinery for negotiating police pay and examining the constitutions of the police staff associations. Its terms of reference were later extended to include a study of the proper basis of police pay. Cmnd 7633. HMSO, £3. ISBN 0 10 176330 1.

Non-Home Department Police Forces. The Report of the Committee of Inquiry into pay and conditions of these forces which include those maintained by the Ministry of Defence, the British Railways Board, the Atomic Energy Authority and the Port of London Authority. Cmnd 7623. HMSO, £2·25. ISBN 0 10 176230 5.

Report of the Commissioner of Police of the Metropolis for 1978. Cmnd 7580. HMSO, £2·50. ISBN 0 10 175800 6.

The Metropolitan Police. COI, No 9/FSB/79.

Report on the Work of the Prison Department 1978. Cmnd 7619. HMSO, £3·25. ISBN 0 10 176190 2.

Prison Statistics, England and Wales 1978. Cmnd 7626. HMSO, £3·75. ISBN 0 10 176260 7.

Report of Her Majesty's Chief Inspector of Fire Services 1978. Cmnd 7605. HMSO, £2. ISBN 0 10 176050 7.

Report of the Royal Commission on the National Health Service (see p 248). Cmnd 7615. HMSO, £8. ISBN 0 10 176150 3.

A Service for Patients (see p 248). HMSO, £1·75. ISBN 0 11 730119 1.

Health Services in Scotland. Report for 1978. Prepared by the Scottish Home and Health Department. Cmnd 7607. HMSO, £2. ISBN 0 10 176070 1.

Social Work in Scotland in 1978. Scottish Education Department. Cmnd 7589. HMSO, 50p. ISBN 0 10 175890 1.

Education in Scotland in 1978. A Report of the Secretary of State for Scotland. Cmnd 7549. HMSO, 50p. ISBN 0 10 175490 6.

Commission for Racial Equality. Annual Report 1978. Describes the investigatory and promotional work undertaken by the Commission, particularly in employment, housing and education, and the help given to individuals alleging discrimination under the Race Relations Act 1976. Other matters discussed include health and social services, young people, and relations with the police. HMSO, £2·75. ISBN 0 10 212880 4.

The Housing Corporation. Report 1978-79. Available from the Housing Corporation, 149 Tottenham Court Road, London W1P 0BN.

A National Heritage Fund. Third Special Report from the Expenditure Committee, Session 1978-79. HMSO, £2. ISBN 0 10 235079 5.

Historic Buildings Council for England. Annual Report 1977-78. HMSO, £2·15. ISBN 0 10 208680 X.

Historic Buildings Council for Scotland. Report for 1977-78. HMSO Edinburgh, £1. ISBN 0 10 214980 1.

Eleventh Annual Report of the Countryside Commission 1977-78. HMSO, £5·75. ISBN 0 10 211180 4.

© *Crown Copyright 1978*

Printed in England by Brown Knight & Truscott Ltd
and Published by
HER MAJESTY'S STATIONERY OFFICE
75p net

Annual subscription including
indices and postage £11.54

H2705 Dd 595155 K8 AUGUST/79 1976
ISBN 0 11 725049 X Vol. 9 No. 8
ISSN 0039—6214